

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

TONY KNOWLES, GOVERNOR

333 W. 7TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
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ADMINISTRATIVE APPROVAL NO. AIO 4C.001

Re: The application of BP Exploration (Alaska) Inc. for the modification of the annual reporting period for the Grind & Inject slurry operation at Prudhoe Bay

Mr. Harold R. Engel
Staff Engineer
BP Exploration (Alaska) Inc.
P O Box 196612
Anchorage, AK 99519-6612

Dear Mr. Engel:

Your application dated September 27, 2002, requests an administrative modification to Rule 10 of Area Injection Order (AIO) 4C. The specific request is to "adjust the annual reporting period for the Grind & Inject (G&I) slurry operation in Prudhoe Bay." The basis for your request is to provide adequate time to perform the necessary diagnostics, surveillance, and testing of the injection operation, and to complete an analysis of the performance data collected during the operating window of G&I. The current requirement for an annual report ("on or before July 1") does not provide sufficient time to complete an analysis prior to submitting the annual report to the Alaska Oil and Gas Conservation Commission (AOGCC).

The AOGCC hereby authorizes the following schedule for G&I Annual Performance Report:

Report Year	Report Period	Report Due Date
2002	June 1, 2001, through September 30, 2002	November 15, 2002
Subsequent Years	October 1 through September 30	On or before November 15 th of the "report year"

DATED at Anchorage, Alaska and dated October 2, 2002.


Daniel T. Seamont
Commissioner


Michael L. Bill
Commissioner

BY ORDER OF THE COMMISSION



STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

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ADMINISTRATIVE APPROVAL NO. AIO 4C.02
ADMINISTRATIVE APPROVAL NO. AIO 3.03

Mr. Geoffrey S. Kany
Waste and Release Reporting Technical Authority
BP Exploration (Alaska), Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

Dear Mr. Kany:

By letter dated May 26, 2004, BP Exploration (Alaska), Inc. ("BPXA") requested authorization for the underground injection of the waste stream generated from the external cleaning of aerial gas coolers at Flow Stations 1 and 2 within the Eastern Operating Area of Prudhoe Bay Unit. The request specifically requests the beneficial reuse of the rinsate as an enhanced oil recovery injection fluid, and the disposal of the resultant slurry (after settlement) into the Grind and Inject Facility under Area Injection Order 4C. Clarification provided to the Alaska Oil and Gas Conservation Commission ("Commission") on June 2, 2004, notes the cleaning campaign may extend in the future to other areas of the Prudhoe Bay Unit (the gathering centers in the Western Operating Area) and possibly the Endicott facilities. Included with the letter were material safety data sheets, sample analyses, and justifications (compatibility of fluids with existing enhanced recovery efforts, benefits of cleaning, environmental preference).

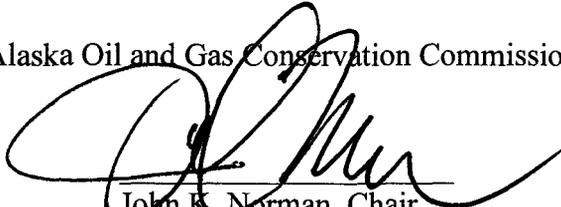
The Commission may authorize the injection of fluids for enhanced recovery of oil and gas if the fluid is appropriate for enhanced recovery, sound engineering practices are maintained and the amendment will not result in an increased risk of fluid movement into an underground source of drinking water. Disposal under Area Injection Order 4C is limited to "Class II waste fluids."

Exploration and production wastes associated with oil and gas development are exempt from the requirements of Section 3001(b)(2) of the Resource Conservation and Recovery Act (RCRA). The exemption does not apply to gas plant cooling tower cleaning wastes, waste solvents, used equipment lube oils, and used hydraulic fluids. It is likely that the fouling experienced within the gas cooler "fin-fans" is the result of a combination of the dust generated from the traffic on or near the facilities, and lube and seal oils that historically have vented near the fin-fan bays. The solids that settle out from fin-fan cleaning are not a Class II eligible fluid and therefore cannot be processed and injected as a Class II waste stream at the Grind and Inject facility.

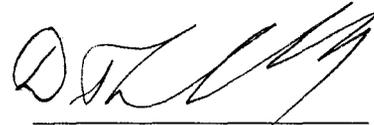
BPXA has demonstrated to the satisfaction of the Commission that the rinsate (minus solids) are compatible with the produced water used in routine enhanced recovery operations and will not adversely impact the reservoir or production equipment. Therefore, injection of the rinsate (minus solids) is approved as a substitute for produced water or seawater in enhanced oil recovery at the Prudhoe Bay Unit.

DONE at Anchorage, Alaska and dated June 7, 2004.

The Alaska Oil and Gas Conservation Commission



John K. Norman, Chair
Commissioner



Daniel T. Seamount, Jr.
Commissioner