

ADMINISTRATIVE APPROVAL AIO 5.010

Mr. Hal Martin
Optimization Engineer
Unocal Alaska
P.O. Box 196247
Anchorage, AK 99519-6247

RE: TBU K-24RD2 (PTD 201-141) Request for Administrative Approval

Dear Mr. Martin:

Per Rule 9 of Area Injection Order 5, the Alaska Oil and Gas Conservation Commission ("AOGCC") hereby grants Unocal Alaska ("Unocal")'s January 11, 2006 request for administrative approval to inject water in Trading Bay Unit ("TBU") K-24RD2.

Unocal notified the Commission on August 1, 2005 that TBU K-24RD2 exhibits tubing-casing pressure communication; the well was shut in at that time. Approval to continue injection for the purpose of performing well integrity diagnostics was granted by sundry number 305-313 on October 13, 2005.

Unocal has elected to perform no corrective action at this time on TBU K-24RD2. Temperature surveys performed as part of the diagnostic testing confirm the injected fluids are exiting the well at the perforations and monitoring has shown that pressures are contained within the wellbore. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety.

The Commission's administrative approval to inject in TBU K-24RD2 is conditioned upon the following:

1. Injection is limited to WATER ONLY;
2. Unocal shall monitor and record tubing, inner annulus, and outer annulus pressures and injection rate daily;
3. Unocal shall submit to the Commission a monthly report of well pressures and injection rates;

4. Unocal shall perform a temperature survey every 2 years in lieu of the mechanical integrity test as outlined in Rule 5 of AIO 5 to demonstrate continued production casing integrity;
5. Unocal shall immediately shut in the well and notify the Commission if there is any change in the well's mechanical condition; and
6. after well shut in due to a change in the well's mechanical condition, Commission approval shall be required to restart injection.

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 February 6, 2006.

John K. Norman
Chairman

Cathy P. Foerster
Commissioner