

ADMINISTRATIVE APPROVAL AIO 5.003

Mr. Larry Greenstein
Production Technician
Unocal Alaska
P.O. Box 196247
Anchorage, AK 99519-6247

RE: Trading Bay Unit G-27 [aka Grayling 27] (PTD 178-070)
Request for Administrative Approval AIO 5

Dear Mr. Greenstein:

Per Rule 9 of Area Injection Order (“AIO”) 005, the Alaska Oil and Gas Conservation Commission (“AOGCC” or “Commission”) hereby grants Unocal Alaska. (“Unocal”)’s request for administrative approval for water injection in the subject well.

AOGCC finds the following:

1. This well was originally reported to have not passed a MIT in June 1998.
2. A letter approval was issued to keep the well in operation, no Sundry permit was filed at that time.
3. Sundry permit 301-359 was approved March 27, 2002. Continued injection was approved and Unocal was required to record and submit daily injection rate and pressure information and perform subsequent temperature surveys.
4. As required by the Sundry permit, Unocal has been recording daily injection rate and well pressures and has been reporting this information to the Commission monthly. In support of this application, Unocal has submitted the results of additional temperature logs and a graphical maximum operating pressure determination.
5. Based upon analysis of the submitted logging information, there are no temperature anomalies indicated. The monthly rate/pressure information has not indicated any further pressure integrity loss, although the well has not been injecting for the past several months.
6. At this time, Unocal is not proposing to repair the well to restore full integrity.
7. An aquifer exemption is in effect below Cook Inlet for Trading Bay Unit (McArthur River Field) [40 CFR 147.102(b)(2)(ii).]

Based on analysis of the submitted information, the Commission concludes that TBU G-27 exhibits two competent barriers to release of well pressure. Accordingly, the Commission believes that the well's condition does not compromise overall well integrity so as to threaten the environment or human safety.

AOGCC's administrative approval to continue water injection in Trading Bay Unit G-27 [aka Grayling 27] is conditioned upon the following:

1. Injection is limited to WATER ONLY;
2. Unocal shall monitor and record wellhead pressures [T/I/O] (tubing/inner annulus/outer annulus) and injection rate daily and submit this information to the Commission monthly;
3. Unocal shall perform a temperature log every two years to demonstrate continued production casing integrity;
4. Unocal shall immediately shut in the well and notify the AOGCC upon any measurable change in well outer annulus pressure or any change in the rate/pressure relationship for the tubing/IA; and
5. After well shut in, AOGCC 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 March 29, 2005.

John K. Norman
Chairman

Daniel T. Seamount, Jr.
Commissioner