

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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ADMINISTRATIVE APPROVAL AREA INJECTION ORDER 9.010

Mr. Paul Figel
Engineering Manager
XTO Energy
200 North Loraine, Suite 800
Midland, TX 79701

RE: Administrative Approval AIO 009.010
MGS C44-14RD (PTD 1770790)
Middle Ground Shoal (MGS) Undefined Waste Disposal Pool

Dear Mr. Figel:

In accordance with Rule 6 and Rule 9 of Area Injection Order (AIO) 09.000, the Alaska Oil and Gas Conservation Commission (AOGCC) hereby **GRANTS** XTO Energy (XTO) administrative approval to continue Class II injection in well MGS C44-14RD with outer annulus (OA) repressurization.

A recent review by AOGCC of the well operating conditions revealed wellhead pressure trend plots confirm that MGS C-44-14RD exhibits OA repressurization. The rate of pressure build-up in the OA is manageable with periodic pressure bleeds. The AOGCC finds that XTO does not intend to perform repairs at this time. A passing AOGCC witnessed mechanical integrity test on May 20, 2012 indicates that MGS C44-14RD exhibits at least two competent barriers to the release of well pressure. Accordingly, the AOGCC believes that the well's condition does not compromise overall well integrity so as to threaten human safety or the environment.

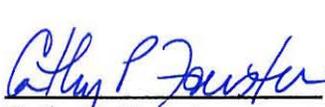
AOGCC's approval to continue injection in MGS C44-14RD is conditioned upon the following:

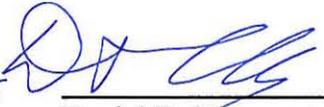
1. XTO shall record wellhead pressures and injection rate daily;
2. XTO shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli. Bleeds are to be flagged on the report;
3. XTO shall submit to the AOGCC by July 1 of each year, an annual report evaluating the performance of the disposal operation. The report shall include data sufficient to characterize the disposal operation, including, among other information, the following: injection and annuli pressures (daily average, maximum and minimum); fluid volumes injected (disposal and clean fluid sweeps); injection rates; an assessment of fracture geometry; a description of any

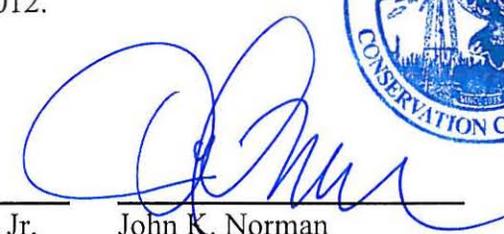
- anomalous injection results; and a calculated zone of influence for the injection fluids.
4. XTO shall perform a mechanical integrity test of the inner annulus every two years to the maximum anticipated injection pressure;
 5. XTO shall limit the well's OA operating pressure to 500 psi;
 6. XTO shall immediately notify the AOGCC if it learns of any improper Class II injection. Complying with the notification requirements of any local, state, or federal agency remains XTO's responsibility;
 7. XTO shall immediately shut in the well and notify the AOGCC if there is any change in the well's mechanical condition;
 8. After well shut in due to a change in the well's mechanical condition, AOGCC approval shall be required to restart injection; and
 9. The MIT anniversary date is May 20, 2012.



DONE at Anchorage, Alaska and dated July 19, 2012.


Cathy P. Foerster
Chair, Commissioner


Daniel T. Seamount, Jr.
Commissioner


John K. Norman
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 AOGCC grants for good cause shown, a person affected by it may file with the AOGCC 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 AOGCC 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 AOGCC 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 AOGCC mails, **OR 30** days if the AOGCC 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 AOGCC 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 AOGCC, and it may be appealed to superior court. That appeal **MUST** be filed within **33** days after the date on which the AOGCC mails, **OR 30** days if the AOGCC 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 AOGCC 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.