

STATE OF ALASKA

ALASKA OIL AND GAS CONSERVATION COMMISSION

SEAN PARNELL, GOVERNOR

333 W. 7th AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501-3539
PHONE (907) 279-1433
FAX (907) 276-7542

ADMINISTRATIVE APPROVAL AREA INJECTION ORDER 9.009

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

RE: MGS C41-23LN (PTD 2042360) Administrative Approval Revision
Middle Ground Shoal (MGS) E, F, G Oil Pool

Dear Mr. Figel:

In accordance with Rule 6 of Area Injection Order (AIO) 09.000, the Alaska Oil and Gas Conservation Commission (AOGCC or Commission) hereby **GRANTS** XTO Energy's (XTO)'s December 17, 2010 request for administrative approval to continue water injection in the subject well.

Middle Ground Shoal (MGS) C41-23LN exhibits tubing by inner annulus communication. The Commission finds that XTO does not intend to perform repairs at this time, deferring until a rig workover can be justified. Reported results of XTO's diagnostic procedures and wellhead pressure trend plots indicate that MGS C41-23LN exhibits at least two competent barriers to the release of well pressure.

It is expected that the inner annulus pressure will equalize with the injection pressure. When equalized the surface pressure of 3500 psi will be approximately 43 % of the production casing's minimum internal yield pressure rating. Should the well develop communication to the outer annulus, the 3500 psi injection pressure would represent 112 % of the surface casing's minimum internal yield pressure rating.

Outer annulus pressures must be monitored and engineering controls must be installed to assure ongoing integrity of the surface casing. With such in place, the Commission believes that the well's condition would not compromise overall well integrity so as to threaten human safety or the environment.

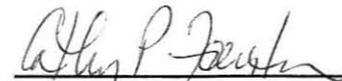
AOGCC's administrative approval to continue water injection only in MGS C41-23LN is conditioned upon the following:

1. Injection is limited to WATER ONLY.
2. XTO shall monitor and record tubing, inner annulus and outer annulus (T/I/O) pressures and injection rate daily;

3. XTO shall submit to the AOGCC a monthly report of well pressures, injection rates, and pressure bleeds for all annuli;
4. Due to mechanical risk, a pressure test of the combined tubing and inner annulus (CMIT) is NOT required;
5. XTO shall perform a MIT-OA to 500 psi every 2 years;
6. XTO shall install, maintain and operate automatic well shut-in equipment linked to the well's outer annulus pressure. The actuation pressure shall not exceed 300 psi. Testing of the shut-in equipment (shut-down valve and mechanical or electrical pressure detection device) shall be performed in conjunction with production well pilots and safety valves. XTO shall provide to the Commission the testing procedure that will be used to verify the integrity of the well shut-in equipment linked to the outer annulus pressure;
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 initial OA MIT should be performed in conjunction with the shut-in equipment testing requirement of Rule 6. That will establish the anniversary date for future testing.

DONE at Anchorage, Alaska and dated December 21, 2010.


Daniel T. Seamount, Jr.
Chair, Commissioner


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

