

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
3001 Porcupine Drive
Anchorage Alaska 99501-3192

Re: **THE APPLICATION OF BP**) Conservation Order No. 206A
EXPLORATION INC. for an order)
amending Conservation Order 206) Milne Point Field
(derived from Conservation Order) Kuparuk River Oil Pool
173, Rule 4(c)) concerning surface)
casing setting depth in the Cascade)
Area of the Milne Point Field)

December 31, 1996

IT APPEARING THAT:

1. BP Exploration (Alaska), Inc. (BPXA), submitted an application dated November 19, 1996 requesting application of Conservation Order 206 to all Milne Point Field well pads including the Cascade Area of the Kuparuk River Oil Pool.
2. Notice of opportunity for public hearing was published in the Anchorage Daily News on November 27, 1996 pursuant to 20 AAC 25.540.
3. No protests to the application were received.

FINDINGS:

1. Conservation Order 349A modified the affected area of the Kuparuk River Field Kuparuk River Oil Pool (KRKROP) to include the lands surrounding the Cascade 1 and 1A wells.
2. Conservation Order 349A, Finding 6 indicates development drilling by BPXA in the vicinity of the Cascade 1 and 1A exploration wells has established the presence of oil bearing Kuparuk River Formation which is structurally and stratigraphically equivalent to the KRKROP in Milne Point Unit.
3. The Ugnu and West Sak intervals are hydrocarbon bearing in the Cascade area of the Milne Point Field.
4. The subsurface elevation of the Ugnu and West Sak intervals in the Milne Point Field and Cascade area are located structurally below 2700' and above 5000' subsea.
5. BPXA indicated they will be developing other drilling pads within the Milne Point Field over the life of the project.

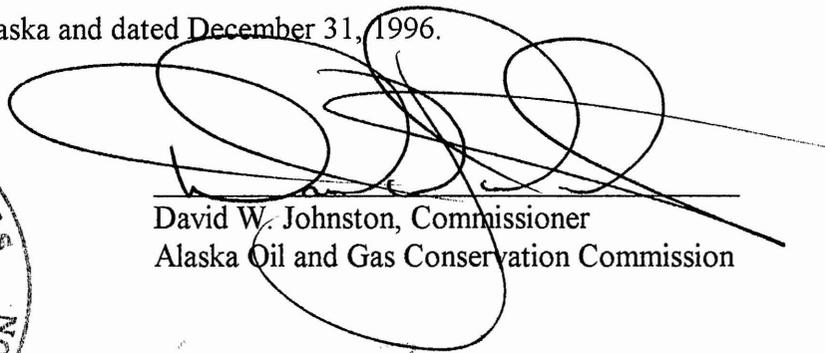
CONCLUSIONS:

1. Drilling sites developed within the Milne Point Field including the Cascade area will likely encounter hydrocarbon bearing Ugnu and West Sak sands below 2700' and above 5000' subsea.
2. Consistent casing setting requirements will aid efficient development of hydrocarbon resources with the Milne Point Field.

NOW, THEREFORE, IT IS ORDERED that Conservation Order No. 206 is hereby amended to read:

Milne Point Field development wells to be drilled to the Kuparuk River Oil Pool may be drilled to a maximum 5000' subsea before surface casing is set provided the conductor casing is set and cemented in accord with Conservation Order 173, a diverter system is used in accord with 20 AAC 25.035(b)(1) and a drilling fluid of at least 9.0 pounds per gallon is used in the drilling.

DONE at Anchorage, Alaska and dated December 31, 1996.



David W. Johnston, Commissioner
Alaska Oil and Gas Conservation Commission



Tuckerman Babcock, Commissioner
Alaska Oil and Gas Conservation Commission

AS 31.05.080 provides that within 20 days after receipt of written notice of the entry of an order, a person affected by it may file with the Commission an application for rehearing. A request for rehearing must be received by 4:30 p.m. on the 23rd day following the date of the order, or next working day if a holiday or weekend, to be timely filed. The Commission shall grant or refuse the application in whole or in part within 10 days. The Commission can refuse an application by not acting on it within the 10-day period. An affected person has 30 days from the date the Commission refuses the application or mails (or otherwise distributes) an order upon rehearing, both being the final order of the Commission, to appeal the decision to Superior Court. Where a request for rehearing is denied by nonaction of the Commission, the 30 day period for appeal to Superior Court runs from the date on which the request is deemed denied (i.e., 10th day after the application for rehearing was filed).