

STATE OF ALASKA
ALASKA OIL AND GAS CONSERVATION COMMISSION
333 West Seventh Avenue, Suite 100
Anchorage Alaska 99501

Re: THE APPLICATION OF BP Exploration) Conservation Order No. 594
(Alaska) Inc. for an order granting)
an exception to the spacing requirements of) Pt. McIntyre Participating Area
20 AAC 25.055(a)(1) to provide for the) Kuparuk Oil Pool
drilling, completion, and regular Production) P2-45B Oil Well
of the P2-45B oil well within 500 feet of a)
property line.) February 14, 2008
)

IT APPEARING THAT:

1. BP Exploration (Alaska) Inc. (BPXA), by letter dated December 7, 2007, and received by the Alaska Oil and Gas Conservation Commission (Commission) on December 13, 2007 has requested an order allowing an exception to the spacing requirements of 20 AAC 25.055 (a)(1) to allow drilling, completion, and regular production of the P2-45B well within 500 feet of a property line.
2. The Commission published notice of opportunity for public hearing in the Anchorage Daily News on December 31, 2007, pursuant to 20 AAC 25.540.
3. No protests to the application or requests for hearing were received.
4. The public hearing was vacated on February 1, 2008.

FINDINGS:

1. BPXA is the operator of the P2-45B well of the Pt. McIntyre Participating Area.
2. P2-45B well is proposed as a deviated oil well with a surface location of 1296 feet from the west line (FWL) and 398 feet from the north line (FNL) of Section 14, T12N, R14E, Umiat Meridian (U.M.), and a projected bottom hole location 69 feet FEL, 2720 feet FSL, Section 19, T12N, R15E, S.M.
3. The P2-45B well will target oil reservoirs in the Kuparuk Sands.
4. The P2-45B well will recover reserves from an area outside of the production radius of existing wells in this area of the field.
5. BPXA sent notice of the application for exception to the well spacing requirements of 20 AAC 25.055(a)(1) by certified mail to all owners, landowners, and operators of all properties within 3000 feet of the anticipated productive interval of the proposed P2-45B well.

CONCLUSIONS:

1. An exception to 20 AAC 25.055(a)(1) is necessary to allow drilling, completion, and regular production of the P2-45B oil well in order to evaluate oil reservoirs of the Kuparuk in the Point McIntyre Participating Area.
2. The P2-45B well will produce oil reserves that would otherwise not be produced from existing wells in this area.
3. Granting a spacing exception to allow drilling, completion, testing and regular production of the P2-45B well will not result in waste or jeopardize the correlative rights of adjoining or nearby owners.

NOW, THEREFORE, IT IS ORDERED:

BPXA's application for exception to the well spacing provision of 20 AAC 25.055(a)(1) for the purpose of drilling, completion, and regular production of the P2-45B well is approved. BPXA may proceed with regular production as long as they are in compliance with the terms of the PA agreement and applicable Alaska law and regulations.

DONE at Anchorage, Alaska and dated February 14, 2008.



Daniel T. Seamount, Jr., Chair
Alaska Oil and Gas Conservation Commission

John K. Norman, Commissioner
Alaska Oil and Gas Conservation Commission

Cathy P. Foerster, 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 PM 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).