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

Re: THE APPLICATION OF CONOCOPHILLIPS ALASKA, INC. for an order granting an exception to the spacing requirements of 20 AAC 25.055 to allow for drilling, completing, testing and regular production of the Beluga River Unit No. 243-34 well.	)))))))	Conservation Order No. 602 Docket No. CO-08-23 Beluga River Unit No. 243-34 Gas Production Well May 27, 2008

IT APPEARING THAT:

ConocoPhillips Alaska, Inc. ("ConocoPhillips"), by letter dated March 28, 2008 and received by the Alaska Oil and Gas Conservation Commission ("Commission") that same day, requests that the Commission issue an order granting an exception to the spacing requirements of 20 AAC 25.055 to allow for drilling, completing, testing and regular production of the Beluga River Unit ("BRU") No. 243-34 gas production well ("BRU 243-34").

1. The Commission published notice of opportunity to comment and request a public hearing in the ANCHORAGE DAILY NEWS on April 11, 2008, pursuant to 20 AAC 25.540.

2. No comments concerning the application or requests for a hearing were received.

3. The public hearing was vacated by the Commission on May 19, 2008.

FINDINGS:

1. BRU 243-34 will be an onshore, conventional gas production well. The surface location will be 959' from the east line and 1145' from the south line of Section 34, Township 13N, Range 10W, Seward Meridian ("SM"), within federal lease A-029656. The proposed bottom hole location will be 1463' from the east line and 2067' from the south line of Section 34, Township 13N, Range 10W, SM, within federal lease A-029657.

2. ConocoPhillips, the Municipality of Anchorage, and Chevron U.S.A. Inc each own 33-1/3 percent of both leases (A-029656 and A-029657) from the surface to the stratigraphic equivalent of 7000' depth as seen in BRU 224-13, which encompasses the prospective reservoir sands. Beneath this stratigraphic horizon, the ownership of the leases changes to ConocoPhillips (66-2/3 percent) and the Municipality of Anchorage (33-1/3 percent). ConocoPhillips is the operator for the leases.

3. BRU 243-34 will be located within 1500' of the shoreline, which separates onshore federal leases from offshore State of Alaska leases. The well will be located within 3000' of wells BRU 211-03, BRU 212-35, BRU 212-35T, BRU 214-35, BRU 224-34, and BRU 241-34. It will also be located within the same governmental section as wells BRU 214-35, BRU 224-34, and BRU 241-34.

4. The proposed well is positioned on the underlying geologic structure to access gas accumulations trapped within discontinuous channel sands that cannot be drained by existing wells.

CONCLUSIONS:

1. An exception to the well spacing requirements of 20 AAC 25.055 is necessary to allow for drilling, completing, testing and regular production of BRU 243-34.

2. Granting a spacing exception to allow drilling, completing, testing and regular production of BRU 243-34 will not result in waste or jeopardize correlative rights.

NOW, THEREFORE, IT IS ORDERED:

ConocoPhillip's application for an exception to the spacing requirements of 20 AAC 25.055 to allow for drilling, completing, testing and regular production of BRU 243-34 is granted.

ENTERED at Anchorage, Alaska, and dated May 27, 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

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.