

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

Re: BY ITS OWN MOTION the Alaska Oil and) Docket CO-10-23
Gas Conservation Commission, in) Conservation Order No. 641
accordance with AS 31.05.005(c),)
authorizes resumed production from the) Milne Point Field
Milne Point Unit K-33 Well) Milne Point Unit
) K-33 Well
)
) November 30, 2010

INTERIM ORDER

On November 16th, 2010, BP Exploration (Alaska) Inc. (BPXA) notified the Alaska Oil and Gas Conservation Commission (Commission) that a failed squeeze job in the Milne Point Unit K-33 (MPU K-33) well resulted in communication of hydrocarbons between the Kuparuk and Sag River Formations, effectively commingling production from those formations. BPXA ceased production from the well to conduct diagnostics and determine a path forward. As a result of this decision, oil has been flowing underground within the MPU K-33 wellbore from the higher-pressured Sag River Formation into the lower-pressured Kuparuk Formation.

In accordance with AS 31.05.030(b), the Commission has determined that this constitutes potential waste. Pending a public hearing regarding BPXA's actions, pursuant to AS 31.05.030(c) this interim order is necessary to prevent further cross-flow and minimize any continued waste of resources. On November 19th, 2010, the Commission provided BPXA with verbal approval to resume production from MPU K-33.

The Commission continues to investigate the circumstances surrounding the cross-flow in this well. Nothing in this interim order precludes an enforcement action under 20 AAC 25.535 or limits the penalties the Commission may impose.

NOW, THEREFORE, IT IS ORDERED:

1. Pending further order of the Commission BPXA may return well MPU K-33 to production in order to prevent continued cross-flow of resources from the Sag River Formation to the Kuparuk Formation, and to recover Sag River Formation resources that have already cross-flowed into the Kuparuk Formation.

2. By December 15th, 2010, BPXA must submit to the Commission a proposed methodology for allocating production between the two formations and for determining when the Sag River Formation resources that have cross flowed into the Kuparuk Formation have been fully recovered.

ENTERED at Anchorage, Alaska, and dated November 30, 2010.



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

John K. Norman, 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.