

STATE OF ALASKA

SARAH PALIN, GOVERNOR

ALASKA OIL AND GAS CONSERVATION COMMISSION

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

ADMINISTRATIVE APPROVAL DIO 31.001

Mr. J.D. "Joey" Hall
Operations Manager
Pioneer Natural Resources Alaska, Inc.
700 G Street, Suite 600
Anchorage, AK 99501

RE: Increased Disposal Injection Rate
Oooguruk Undefined Water Disposal Pool

Dear Mr. Hall:

In accordance with Rule 8 of Disposal Injection Order (DIO) 31.000, the Alaska Oil and Gas Conservation Commission (AOGCC or Commission) hereby grants Pioneer Natural Resources Alaska Inc. (Pioneer)'s request for approval to increase the disposal injection rate to 6 barrels per minute (BPM) into the Oooguruk Undefined Water Disposal Pool.

Disposal injection into the Torok Sand ("Torok") within the Oooguruk Unit was authorized by DIO 31 effective June 19, 2007. Injection commenced February 2008 in support of drilling activities located at the Oooguruk Drillsite. To date, approximately 146,000 barrels of waste fluids have been injected into the Torok using Well ODSDW-1.

Pioneer provided the Commission with supplemental simulation data that predicts fracture geometry resulting from slurry injection above DIO 31 authorized limits (i.e., above 4 BPM injection rate and 3,500 psig surface pressure). Modeling was performed using an injection rate of 6 BPM in conjunction with slurry densities of 12.5 and 14 pounds per gallon ("ppg"). As with the original simulation performed, discrete receiving zones within the Torok were modeled to generate fracture geometry in response to slurry injection.

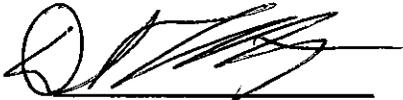
Resulting information from the supplemental fracture slurry injection simulation trials show increased length, height, and width of propagated fractures can be expected with increased rate and slurry density compared to modeling results generated with the original DIO application (lower rates and slurry density). Modeling indicates that the zone of influence (waste plume) for injected materials will continue to be confined as intended to the Torok.

The Commission finds that the conclusions of DIO 31 remain valid. Injection of wastes into the Torok at rates up to 6 BPM and slurry densities up to 14 ppg will not promote waste, will not jeopardize correlative rights, and will not result in fluid movement outside of the authorized injection zone. Rule 3 is revised to read:

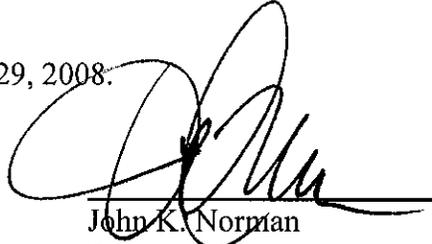
Rule 3: Injection Rate and Pressure

Disposal injection is authorized at (a) rates that do not exceed 6 barrels per minute, (b) slurry densities that do not exceed 14 pounds per gallon, and (c) surface pressures that do not exceed 3,500 psig.

DONE at Anchorage, Alaska and dated July 29, 2008:



Daniel T. Seamount, Jr.
Chairman



John K. Norman
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.

