Province of British Columbia

Ministry of Energy, Mines and Petroleum Resources Parliament Buildings Victoria British Columbia V8V 1X4

September 3, 1993

File: 1260-4800-32640-02 930822A

Ms. Lucy Ionescu, P.Eng. Manager, Reservoir Engineering Czar Resources Ltd. 2100, 144 - 4th Avenue S.W. Calgary, Alberta T2P 3N4

Dear Ms. Ionescu:

RE: APPLICATION FOR SALT WATER DISPOSAL CZAR ET AL BIRCH b-64-I/94-A-13 (W.A. 3476) CZAR ET AL BIRCH b-66-I/94-A-13 (W.A. 4125)

This refers to your application dated June 15, 1993, wherein a scheme for salt water disposal in the Halfway Formation of the subject wells was requested.

Notice of your application was published on August 5 and 12, 1993, in the British Columbia Gazette. As no objections were received, Czar Resources Ltd., as the operator, is hereby granted approval for salt water disposal in the subject wells.

Attached is Approval #93-02-004 for the application granted under section 116 of the Petroleum and Natural Gas Act.

Yours sincerely,

B.E. Hanwell Director Engineering and Operations Branch

PSA:nhc

Attachment

cc: D.L. Johnson

APPROVAL 93-02-004

PETROLEUM AND NATURAL GAS ACT (the "Act") THE PROVINCE OF BRITISH COLUMBIA MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES ENERGY RESOURCES DIVISION

IN THE MATTER of a scheme of Czar Resources Limited (the "Operator") for Salt Water Disposal (SWD) in the Halfway Formation in the wells Czar et al Birch b-64-I/94-A-13 and Czar et al Birch b-66-I/94-A-13.

The Minister of Energy, Mines and Petroleum Resources, pursuant to section 116 of the Act, hereby orders as follows:

- The SWD scheme of the Operator for disposal of produced water in the Halfway Formation at wells b-64-I/94-A-13 and b-66-I/94-A-13 as such scheme is described in the application from the Operator to the ministry dated June 15, 1993, is hereby approved, subject to terms and conditions herein contained.
- 2. Produced water from the Birch area Baldonnel pools may be disposed of in the wells.
- 3. The water disposal interval must be in the Halfway Formation.
- 4. A record of volume of salt water disposed of through these wells must be included on a Monthly Injection/Disposal Statement, in the prescribed form, which should be submitted to the Energy Resources Division not later than the 25th day of the month following the reported month.
- 5. The well head disposal/injection pressure must not exceed the formation fracture pressure.
- 6. This approval may be modified or rescinded at a later date if deemed appropriate through a change in circumstances.

on behalf of the John Minister of Energy, Mines and Petroleum Resources

DATED AT the City of Victoria, in the Province of British Columbia, this 2 day of September, 1993.