



December 13, 1999

5180-8600-32640-02
OGC 990557

Mr. Douglas Barry, P. Eng.
VP, Engineering and Operations
Search Energy Corp.
Suite 700, 400 - 5th Avenue SW
Calgary, AB T2P 0L6

Dear Mr. Barry:

**RE: APPLICATION FOR SALT WATER DISPOSAL
SEARCH KLUA A-76-J/94-J-8 (WA# 7243); PINE POINT FORMATION**

The Commission has reviewed your application dated December 11, 1999 requesting disposal of produced water into the Pine Point formation of the subject well.

We concur that the subject well is a good candidate for salt-water disposal in the Pine Point Formation. Notice of your application was **not** published in *the BC Gazette* due to the immediacy of the application. A letter supporting the application was received from Union Pacific Resources Inc. (UPRI). Also, both Search and UPRI indemnify the Commission from any and all liability or claim associated with a challenge of the subject application by a third party.

Attached is Approval 99-02-006 for the application granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*.

Sincerely,

Bou van Oort, P. Eng.
Director
Engineering and Geology Branch

*To handle water from the blowout @
UPRI Search Klua d-27-J/94-J-8.*

Attachment

cc: Petroleums Lands Branch
Ministry of Energy and Mines

Dave Kyte, P. Eng.
Union Pacific Resources Inc.

ENGINEERING AND GEOLOGY BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291
Location: 6th Flr 1810 Blanshard St. Victoria BC

APPROVAL 99-02-006

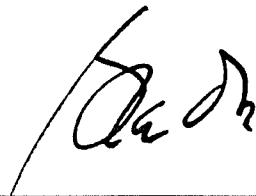
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a scheme of Search Energy Corp. (Search) for Salt Water Disposal (SWD) in the Pine Point formation in the well Search Klua a-76-J/94-J-8 (WA# 7243).

NOW, THEREFORE, pursuant to Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*, the SWD scheme is hereby approved, as such scheme is described in

an application from Search to the Commission dated December 11, 1999.

1. The water disposal interval must be in the Pine Point formation.
2. A record of volume of salt water disposed of through this well must be included on a Monthly Injection/Disposal Statement, in the prescribed form (BC-S18), which must be submitted to the Oil and Gas Commission not later than the 25th day of the month following the reported month.
3. The disposal/injection pressure at the sandface must not exceed the formation fracture pressure.
4. This approval may be modified or rescinded if deemed appropriate through a change in circumstances.



Bou van Oort, P.Eng.
Director
Engineering and Geology Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of December, 1999.