



February 2, 2016

8100-4100-32640-60

Scott Hagen, EIT
Reservoir, Geotechnical and New Ventures
Tervita Corporation
500, 140 – 10th Avenue SE
Calgary, AB T2G 0R1

Dear Mr. Hagen:

**RE: OBSERVATION WELL STATUS APPROVAL
TERVITA HZ W STODDART 10-30-087-20; WA 10864
STODDART WEST FIELD – BALDONNEL FORMATION**

Oil and Gas Commission (Commission) staff have reviewed the January 28, 2016 application from Tervita Corporation seeking approval of observation well status for Tervita HZ W Stoddart 10-30-087-20 (WA 10864).

The Drilling and Production Regulation Part 1 defines an observation well as “a well or a portion of a well designated as an observation well under section 2 (7)”.

- 2 (7) An official may designate a well as an observation well if
- (a) the well is being used to monitor reservoir pressures or to obtain other formation information, and
 - (b) the well is not used to produce from, or inject or dispose of fluids into, a formation being monitored.

The subject well was drilled in 1997 and 2003, targeting the Halfway formation to serve as a salt water and non-hazardous waste disposal well. The well was used for disposal from March 2003 until May 2014. In June of 2014 the Halfway formation was down-hole abandoned with a bridge plug. The Baldonnel formation was then completed and tested for disposal potential. An objection to disposal into the Baldonnel formation was filed by Crocotta Energy Inc. (now Leucrotta Exploration Inc.), based on a new oil well in the Baldonnel formation and the potential for additional development locations in proximity to the proposed disposal well.

Tervita Corporation requests use of this well to monitor Baldonnel formation pressure in the Stoddart West field to further evaluate potential disposal opportunity.

Approval of observation status is granted for Tervita HZ W Stoddart 10-30-087-20 (WA 10864), for the Baldonnel formation, with the requirements;

- To conduct a reservoir pressure test every two years, with the first test occurring in 2016, and
- To submit a BC11 form to the Ministry of Finance to update the well status.

Should you have any questions, please contact Kathryn Archibald at (250) 419-4457 or the undersigned at (250) 419-4430.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ron Stefik', written over a horizontal line.

Ron Stefik, Eng. L.
Supervisor, Reservoir Engineering
Oil and Gas Commission