

May 16, 2025

8200-2600-32640-02

Seymour Monteiro, P.Eng.  
Sr Development Engineer  
Coelacanth Energy Inc.  
Suite 2110, 530 - 8<sup>th</sup> Avenue SW  
Calgary, AB  
T2P 3S8

Dear Mr. Monteiro:

**RE: PRODUCED WATER DISPOSAL SPECIAL PROJECT APPROVAL  
COELACANTH HZ TWO RIVERS 16-3-83-15 (WA #50025)  
TWO RIVERS FIELD – BLUESKY FORMATION**

The Regulator has reviewed the application submitted by Benoit Regulatory Compliance Inc. on behalf of Coelacanth Energy Inc., dated December 20<sup>th</sup>, 2024, requesting approval for disposal of produced water into the Two Rivers field Bluesky formation via the subject well.

The subject well was drilled horizontally into the Bluesky zone in October of 2024 for the purpose of produced water disposal. In November of 2024, the Bluesky zone was hydraulically stimulated with a 17-stage sliding stage open-hole liner system.

Attached please find **Order 25-02-007**, designating an area in the Two Rivers field, Bluesky formation, as a Special Project under section 75 of the Energy Resource Activities Act, for the operation and use of a storage reservoir for the injection of produced water. This Order includes a number of detailed operational, measurement and reporting conditions. Disposal wells are subject to regular field inspection and audit. Contravention of a condition of this Order may be subject to enforcement under section 62 of ERAA, or suspension or cancellation of the Order under section 75(2)(b).

For the inspection requirement of Order condition 2l), please arrange via email to [Pipelines.Facilities@bc-er.ca](mailto:Pipelines.Facilities@bc-er.ca).

Disposal of fluid with high total dissolved solids content requires adjustment of the wellhead injection pressure to remain below formation fracture pressure. It is the responsibility of the permit holder make adjustments to wellhead injection pressure.

Should you have any questions, please contact Logan Gray at (250) 419-4465 or the undersigned at (250) 419-4482.

Sincerely,



Michelle Gaucher, P.Eng.  
Supervisor, Reservoir Engineering  
BC Energy Regulator

Attachments



IN THE MATTER of the application from Benoit Regulatory Compliance Inc. on behalf of Coelacanth Energy Inc., dated December 20<sup>th</sup>, 2024, requesting disposal approval:

**ORDER 25-02-007**

1. Under Section 75(1)(d) of the Energy Resource Activities Act, the Regulator designates the operation and use of a storage reservoir for produced water, including flowback from fracturing operations, in the Two Rivers Field – Bluesky formation as a special project in the following area:

DLS            Twp 83 Rge 15 W6M    Section 2            LSDs 9 to 16

2. Under section 75(2) of the Energy Resource Activities Act, the special project designation in this Order is subject to the following conditions. The Permit Holder shall:
  - a) Inject water into the well Coelacanth HZ Two Rivers 16-3-83-15; WA# 50025 Bluesky formation from 1,229.4 – 2,284.4 mKB MD.
  - b) Not exceed an injection pressure, measured at the wellhead on the subject well, of 7,875 kPag or the pressure required to fracture the formation, whichever is lesser.
  - c) Inject only through tubing with a packer set as near as is practical above the injection interval.
  - d) Continually measure and record the wellhead casing and tubing pressures electronically.
  - e) Alarm the casing-tubing annulus pressure monitoring system to indicate when casing pressure varies outside the normal operating range.
  - f) Cease injection and notify the Regulator at Reservoir@bc-er.ca immediately if there are any indications that hydraulic isolation is lost in the wellbore or formation.
  - g) Conduct and submit an annual Surface Casing Vent Flow test to the Regulator within 30 days of the completion of the test.
  - h) Conduct an annual reservoir pressure test on the formation in the subject well, with a shut-in period of sufficient length to provide data for calculation of the reservoir pressure, and submit a report of the test within 60 days of the end of the test.
  - i) Cease injection upon reaching a maximum formation pressure of 9,975 kPaa, measured at 1,023.7 mKB TVD.
  - j)
    - i) Perform a casing inspection log on the subject well and submit results to the Regulator within 30 days of the completion of logging, at an interval of not more than every 10 years, commencing from the date of initial disposal.
    - ii) Perform a hydraulic isolation temperature log on the subject well and submit results to the Regulator within 30 days of the completion of logging, at an interval of not more than every 5 years, commencing from the date of initial disposal.
  - k) Not conduct a hydraulic fracture stimulation on any formation in the subject well without prior Regulator approval.
  - l) Complete an inspection, satisfactory to the Regulator, within 4 weeks of initial disposal operations.

Michelle Gaucher, P.Eng.  
Supervisor, Reservoir Engineering  
BC Energy Regulator

DATED AT the City of Victoria, in the Province of British Columbia, this 16<sup>th</sup> day of May.



### **Advisory Guidance for Order 25-02-007**

- I. A production packer must be set above the injection interval and the space between the tubing and casing filled with corrosion and frost inhibiting fluids, as per section 16(2) of the Drilling and Production Regulation.
- II. Annual packer isolation tests are required to be conducted and the associated report must be submitted to the Regulator within 30 days of test completion, as per section 16(3) of the Drilling and Production Regulation.
- III. Injected fluids must be metered and the injection pressure measured at the wellhead, as per section 74 of the Drilling and Production Regulation.
- IV. A monthly disposal statement including the volume of disposal fluid, maximum wellhead injection pressure, and total operating hours must be submitted to the Regulator via Petrinex not later than the 20<sup>th</sup> day of the month following the reported month, as per section 75 of the Drilling and Production Regulation.
- V. Seismic events must be reported and disposal operations suspended as per section 21.1 of the Drilling and Production Regulation.