



March 11, 1997

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6430-2625-55140-07

Mr. Chris Stephens, P. Eng.
Operations Engineer
Canadian Hunter Exploration Ltd.
2000, 605 - 5th Avenue S.W.
Calgary, AB T2P 3H5

Canhunter Project (02)

Dear Mr. Stephens:

**RE: UNDERGROUND NATURAL GAS STORAGE
BASAL BLUESKY "B" POOL; NOEL FIELD**

This is with reference to your application dated January 31, 1996 requesting approval for underground natural gas storage in the Noel Basal Bluesky "B" pool.

Attached is Approval # 97-55140-07-1 for the application granted under Part 13.1, section 140.6 of the *Petroleum and Natural Gas Act*. No objections were received from any interested parties following publication of a notice of the application in the October 17 and 24, 1996 issues of the British Columbia Gazette.

Please note that a Royalty Agreement being handled by the Resource Revenue Branch will deal with the remaining recoverable native gas.

Yours sincerely,

B. van Oort, P. Eng.
Director
Engineering and Operations Branch

Attachment

Copies of Approval Letter to Industry (11)
RE: GEP, Salt Water Disposals, etc.

- D.L. Johnson
- Data Management
- R. Stefik
- D. Richardson
- Wellfile (originals)
- 59240
- Resource Revenue
- P.S. Attariwala
- G. Farr
- S. Chicorelli
- Daily

APPROVAL 97-55140-07-1

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

IN THE MATTER of a proposal by Canadian Hunter Exploration Ltd. (CHEL) for underground natural gas storage in the Noel field Basal Bluesky "B" gas pool.

NOW, THEREFORE, the Division Head, pursuant to Part 13.1, section 140.6 of the *Petroleum and Natural Gas Act*, hereby approves an underground natural gas storage scheme of CHEL as such scheme is described in:


an Application from CHEL to the Division dated January 31, 1996 and related submission.

The scheme is approved, subject to the following conditions:

1. The storage reservoir is that part of the Noel field, Basal Bluesky "B" pool located within units 34 to 37, 44 to 47, 54 to 57 and 64 to 67 of Block D/93-P-8.
2. The volume of gas stored in the pool shall be limited such that the maximum bottom hole pressure at the injection well should not exceed the discovery pressure of 24,155 kPaa.
3. The scheme will be designed, constructed, operated and abandoned in accordance with CSA Standard Z341-93 as amended from time to time.
4. A progress report must be submitted to the Energy and Minerals Division for each calendar year the scheme is in operation. The progress report is due within 60 days after the end of each period and must contain the following:
 - (a) the volume of gas injected and produced from the scheme, on a monthly, annual and cumulative basis,
 - (b) the net volume of gas stored in the scheme since commencement of operations, on a monthly basis,
 - (c) a representative composition of the gas injected and the gas produced,
 - (d) a summary of the pressure data obtained for the scheme,
 - (e) a summary of any change or modification in the operation of the scheme, including well workovers, recompletions and suspensions, or any surface facility modifications,
 - (f) interpretations of the performance of the scheme including an updated material balance analysis with an estimation of the maximum and minimum reservoir pressure attained during the report period, and a discussion of any anomalous behavior,

- (g) current operating capability of the scheme including cushion gas, maximum and minimum deliverability/injectivity and maximum and minimum injection pressure.

5. This approval may be modified or rescinded at a later date if deemed appropriate.



Bou van Oort, on behalf of
the Division Head
Energy and Minerals Division

DATED AT the City of Victoria, in the Province of British Columbia, this th 11 day of March, 1997.