

August 21, 2012

2985-4995-59240-13

Wade Melnychyn
TAQA North Ltd.
2100, 308-4th Ave. SW.
Calgary, AB T2P 0H7

Dear Mr. Melnychyn:

**RE: TEMPORARY NGL INJECTION SCHEME APPROVAL
TAQA NORTH CHINCHAGA c-32-H/94-H-8 (WA 9275)
LOWER CHARLIE LAKE/MONTNEY "A" POOL**

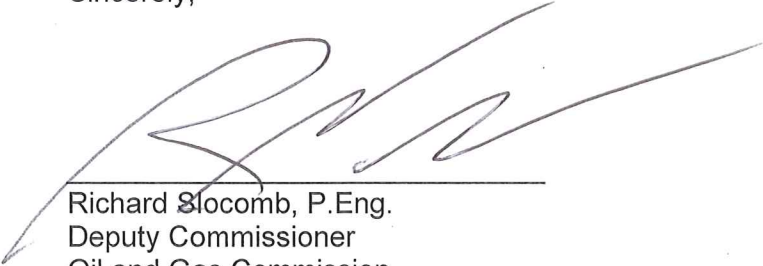
The Commission has reviewed your application dated August 8, 2012, requesting permission for a temporary natural gas liquids (NGL) injection approval into the Chinchaga River – Lower Charlie Lake/ Montney "A" pool via the subject well.

The Chinchaga Plant NGL's pipeline operated by Pembina Corporation is experiencing integrity problems, trucking currently relied upon as a delivery alternative. Loss of road use, with a lack of NGL storage at the plant site, would require the shutting in of 300 e³m³/d of flowing gas. The Commission agrees that temporary injection of the produced NGL's in the subject well c-32-H, and recovery, are a viable option to maintaining plant gas delivery. Similar approvals were granted by the Commission, on May 7, 2004, to a predecessor operator and another to TAQA North Ltd. dated September 3, 2010

Attached please find **Order 12-13-001**, designating an area in the Chinchaga River field – Lower Charlie Lake/Montney formation a Special Project under section 75 of the Oil and Gas Activities Act, for use of a storage reservoir for the temporary storage of NGL's.

Should you have any questions, please contact Curtis Kitchen at (250) 419-4443 or Ron Stefik at (250) 419-4430.

Sincerely,



Richard Slocomb, P.Eng.
Deputy Commissioner
Oil and Gas Commission

Attachment

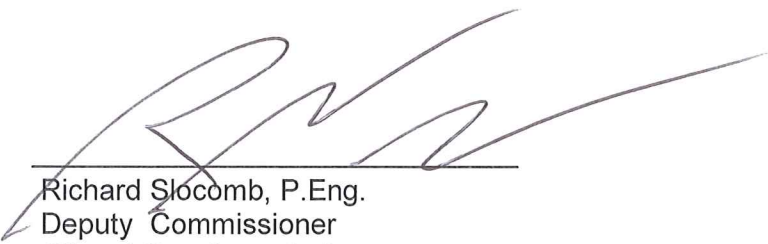
IN THE MATTER of the application from TAQA North Ltd., to the Oil and Gas Commission (Commission) dated August 8, 2012 for the operation and use of a storage reservoir.

ORDER 12-13-001

1. Under Section 75(1)(d) of the *Oil and Gas Activities Act*, the Commission designates the operation and use of a storage reservoir for the temporary storage of Natural Gas Liquids associated with TAQA gas production exiting the c-32-H/94-H-8 Plant Site. NGL's will be injected into the Lower Charlie Lake/Montney formation – Chinchaga River field:

NTS 94-H-08 Block H Unit 32.

2. Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:
 - a) Pipeline and off-site trucking of NGLs shall remain the priority means of continued plant operation, with injection on an "as needed" basis.
 - b) The injection interval must be in the Lower Charlie Lake/Montney (969.0 - 971.0 mKB) of the well TAQA North Chinchaga c-32-H/94-H-8; WA# 9275.
 - c) The total volume of NGL's injected must be limited to 2400m³.
 - d) The disposal/injection pressure must not exceed 16,300 kPa at the wellhead.
 - e) A report must be submitted to the Commission no later than 90 days following the termination of injection, including daily and cumulative NGL's injected.
 - f) The operator must make all reasonable attempts to recover the injected NGL volumes, including the use of artificial lift.
 - g) This temporary approval may be modified or rescinded if deemed appropriate through a change in circumstances.
 - h) This temporary approval will expire May 1st, 2013.



Richard Slocomb, P.Eng.
Deputy Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 21 day of August 2012.