

April 1, 2009

3425-6200-59240-16

Spectra Energy Midstream Corporation
c/o Harvey Heinrichs, P.Eng.
Canadian Chemical Technology Inc.
3740A - 11A St NE
Calgary, AB T2E 6M6

Dear Mr. Heinrichs:

**RE: PROPOSAL FOR MONITORING OF ACID GAS DISPOSAL
SEMC DOE 15-24-80-15 W6M; WA# 23946; BELLOY FORMATION**

The Commission issued Approval # 09-16-001, under Section 100 of the Petroleum and Natural Gas Act, on March 3, 2009 for disposal of acid gas into the Belloy formation through the subject well. Condition # 9 requires that a suitable Observation Well be completed for reservoir monitoring within 6 months of the date of initial acid gas injection, which began March 16, 2009.

An email to the Commission dated March 23, 2009 requested confirmation that the well Talisman Doe 7-36-80-15 W6M (WA# 7715) would provide a suitable monitoring location. Commission staff have reviewed available well information and are in agreement that, of the existing well bores in the area, the well 7-36 may be well suited to this purpose. The Belloy formation correlates well between the 15-24 and 7-36 locations and should provide good communication for pressure and fluid.

The Commission does have a concern regarding well bore cement in 7-36. The drilling report indicates that full displacement was not achieved during cement placement. Also, the well bore is significantly out-of-gauge in the interval 2140 m -2145 m KB. A cement evaluation log will be required prior to completion of the Belloy zone in this well to verify probable containment of the proposed perforation interval.

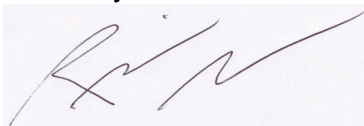
Data obtained from monitoring will be used to match and refine plume modeling. The Commission has not yet received the final report of the current modeling study and requires this submission as soon as possible.

A program for monitoring must be approved by the Commission. Reservoir pressure testing at 7-36, if not of a continuous method, must be at date intervals not to exceed 6 months. Fluid sampling is also expected. Cased hole logging to compare reservoir fluid changes may also be examined. Please submit a program proposal.

Any future increase in injection rate or volume would be dependent on demonstrated performance to support an application to amend the approval. The required Progress Reports (condition #14) will be used to report and monitor performance.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,



Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering
cc: Felix Kwan, Petro-Canada Oil & Gas