



October 11, 2011

8740-4800-59240-09

Harrison Blacker
President
Dejour Energy (Alberta) Ltd.
2600, 144 – 4th Avenue SW
Calgary, AB T2P 3N4

Dear Mr. Blacker:

**RE: PRESSURE MAINTENANCE WATERFLOOD SPECIAL PROJECT ORDER,
AMENDMENT #2
WOODRUSH FIELD – HALFWAY “E” POOL**

The Commission has reviewed your application dated June 10, 2011, requesting an amendment to the pressure maintenance waterflood approval issued December 16, 2010 and amended on March 23, 2011 for the Woodrush field Halfway “E” oil pool.

Pool water injection commenced on March 4, 2011, now utilizing two well locations. Production from well d-91-H/94-H2 has experienced a dramatic and sustained decrease in GOR while maintaining the project allowable rate, indicating effective communication and pressure support, with no increase in water cut to-date.

Attached is Order 10-09-002 Amendment #2, modifying the designated pressure maintenance waterflood within the Woodrush – Halfway “E” pool Special Project under section 75 of the *Oil and Gas Activities Act*. This amendment removes the project daily oil allowable in favour of monthly voidage based injection balance, in recognition of the effective response validating modeled forecast recovery.

Order 10-09-002-OTN Amendment #1, Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act*, previously issued for the subject area, remains in effect. Operation of the pressure maintenance scheme will be subject to periodic review and the Commission may modify the Orders, if deemed appropriate.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jeakins', is written over a horizontal line.

Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

Attachment

IN THE MATTER of an application from Dejour Energy (Alberta) Ltd. to the Commission dated June 10, 2011 for recovery of oil by waterflooding.

ORDER 10-09-002 AMENDMENT #2

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Woodrush – Halfway “E” pool is designated a special project for pressure maintenance for recovery of oil by water injection within the following area;

94-H-2 Block H Units 81, 91
Block I Unit 1.
- 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) The project oil allowable for a month shall be based on the previous month’s voidage replacement.
 - b) Water may be injected into the Woodrush - Halfway “E” pool through the wells a-91-H/94-H-2 (WA # 25228) and a-A1-I/94-H-2 (WA# 26783).
 - c) All associated produced gas must be conserved.
 - d) The injection pressure measured at the sandface must not exceed the formation fracture pressure.
 - e) The permit holder must submit a progress report to the Commission for each twelve month period the scheme is in operation. The progress report must be filed within 60 days after the end of each period and must contain the following :
 - i) the daily average rate during each month of oil production for each producing well, and for the scheme as a whole
 - ii) the average gas-oil and water-oil rates during each month for each producing well, and for the scheme as a whole
 - iii) the monthly cumulative gas, oil and water production for each producing well, and for the scheme as a whole
 - iv) for each type of fluid being injected, the daily average rate of injection per operating day during each month into each injection well, and for the scheme as a whole
 - v) for each type of fluid being injected, the weighted average wellhead injection pressure during each month for each injection well, and for the scheme as a whole
 - vi) for each type of fluid being injected, the monthly cumulative volume of fluid injected to each injection well, and for the scheme as a whole
 - vii) the current volumetrically weighted formation pressure for the scheme as a whole and a copy of the isobaric map from which this pressure was calculated
 - viii) the date and type of any well treatment or workover which must be indicated, in the case of injection wells, on the report of the injected volume, and in the case of producing wells, on the report of the daily average oil production rate

- ix) calculations of the balance during each month between fluids injected into, and fluids withdrawn from, the part of the pool subject to the scheme and by individual patterns, where applicable
- x) an outline of the method actually in use for the quality control and treatment of fluid being injected, or, where there has been no change in the control or treatment from that outlined in a previous report, a statement to that effect



Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 11th day of October 2011.