



December 16, 2010

8740-4800-59240-09

Harrison Blacker
President
Dejour Energy (Alberta) Ltd.
300, 1401 – 17th Street
Denver, Colorado
USA 80202

Dear Mr. Blacker:

**RE: PRESSURE MAINTENANCE WATERFLOOD ORDER
OTHER THAN NORMAL SPACING ORDER
WOODRUSH – HALFWAY “E” POOL**

The Commission has reviewed your application dated October 28, 2010, requesting a pressure maintenance waterflood approval for the Woodrush field Halfway “E” oil pool. Reservoir quality, and successful waterflood analogies, indicate an expected favorable response to injection.

Attached are Orders 10-09-002 and 10-09-002-OTN designating pressure maintenance within the Woodrush – Halfway “E” pool a Special Project under section 75 of the *Oil and Gas Activities Act* and approving an Other Than Normal Spacing under section 65.1 of the *Petroleum and Natural Gas Act* for the subject area.

Please note that the operation of the pressure maintenance scheme will be subject to periodic review and the Commission may modify the Orders, if deemed appropriate. A voidage balance based production limit may be approved, upon Order amendment application, following demonstration of satisfactory waterflood performance.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Ferguson', written over a horizontal line.

Alex Ferguson
Commissioner
Oil and Gas Commission

Attachments

IN THE MATTER of an application from Dejour Energy (Alberta) Ltd. to the Commission dated October 28, 2010 for recovery of oil by waterflooding.

ORDER 10-09-002

- 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 daily oil allowable is 66.6 m³.
- b) Water may be injected into the Woodrush - Halfway “E” pool through the well a-91-H/94-H-2 (Well Permit # 25228).
- 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



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 15 day of December 2010.

IN THE MATTER of an application from Dejour Energy (Alberta) Ltd. to the Commission dated October 28, 2010 for Other Than Normal Spacing.

ORDER 10-09-002-OTN

- 1 Under Section 65.1(2) of the *Petroleum and Natural Gas Act*, Other Than Normal Spacing within the Woodrush – Halfway “E” pool is hereby approved within the following area;
94-H-2 Block H Units 81, 91
Block I Unit 1.
- 2 Under section 65.1(3) of the *Petroleum and Natural Gas Act*, I specify the following:
 - a) the target area for an oil well completed within the project area is not nearer than 100 m to the sides of the Other Than Normal Spacing area,
 - b) an oil well completed outside the specified target area may be subject to an off-target production penalty,
 - c) oil wells drilled within the specified project area are not subject to spacing requirements.

For 

Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 16th day of December 2010.