

Oil and Gas Commission

Approval Letters to Industry
GEP, SWD, CONCURRENT,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59240
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input checked="" type="checkbox"/>	R. Stefik

Email

<input type="checkbox"/>	D. Krezanowski
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	S. Chicorelli

October 13, 1998

Mr. Geoffrey W. Beatson, P. Eng.
Encal Energy Ltd.
1800, 421 - Seventh Ave S.W.
CALGARY, AB T2P 4K9

980755
7600-4520-59240-09

Encal Project (03)

Dear Mr. Beatson:

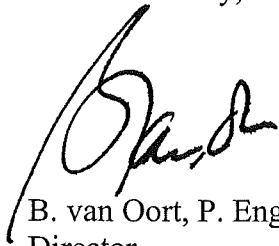
**RE: PRESSURE MAINTENANCE APPROVAL
RIGEL CECIL 'H' POOL**

This refers to your application dated September 8, 1998 wherein you requested a waterflood pressure maintenance approval in the subject oil pool.

Attached is Approval #98-09-006 for the application, granted under section 100 of the Petroleum and Natural Gas Act.

The waterflood pressure maintenance approval becomes effective October 9, 1998, at which time the GEP Approval 98-06-007 granted on September 23, 1998, for the pool is rescinded.

Yours sincerely,



B. van Oort, P. Eng.
Director
Subsurface Administration

PSA/mef

Attachment

APPROVAL 98-09-006

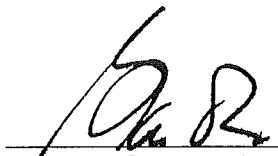
THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

IN THE MATTER of a pressure maintenance scheme of Encal Energy Ltd. (Encal) for waterflood recovery of oil by water injection into the Rigel Cecil "H" Pool.

The Commission, pursuant to Section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 orders as follows:

The pressure maintenance scheme of Encal for waterflood recovery of oil from the Rigel Cecil "H" Pool as described in the application from Encal to the Oil and Gas Commission dated September 8, 1998 is approved, subject to the following terms:

1. The project area of the pressure maintenance scheme consists of sec 11, W/2 sec 13, sec 14, sec 23, sec 24, sec 25 and sec 26 Twp 88 Rge 18 W6M.
2. The project daily oil allowable is 200 m³.
3. Water may be injected into the Rigel Cecil "H" Pool through the wells 4-11 and 10-23-88-18 W6M.
4. The injection pressure measured at the sandface must not exceed the formation fracture pressure.
5. Equipment must be installed at the well head of water injection wells to ensure that fracturing of the formation does not occur.
6. All associated gas production will be conserved.
7. An oil well may be drilled anywhere within the project area provided that it is not nearer than 100 m to the sides of the project area.
8. Progress reports shall be filed as stipulated in Part 9, Section 108 of the *British Columbia Drilling and Production Regulation*.
9. Royalty exempt oil production entitlement for the discovery well Encal Rigel 15-11-88-18 W6M (WA 10636) is limited to a volume of 11, 450 m³ or the volume produced in the first 36 producing months, whichever is lesser.
10. The operations of the pressure maintenance scheme will be subject to periodic review and modification to the approval may be ordered, if deemed appropriate.



Bou van Oort, P. Eng., Director
Subsurface Administration Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 13th day of October, 1998.