

February 22, 2007

5600-4100-32640-02

Richard Tomlins
Production Engineering Manager
BG Canada Exploration and Production Inc.
700, 150 – 6th Avenue S.W.
Calgary, AB T2P 3Y7

Dear Mr. Tomlins:

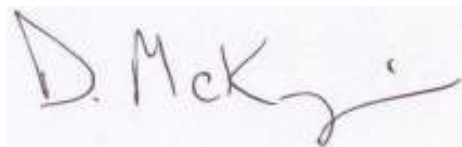
RE: APPROVAL FOR SALT WATER DISPOSAL, AMENDMENT #1
BG Canada Laprise c-12-A/94-G-8; WA 14939

The Commission has reviewed your application dated February 14, 2007 requesting an amendment to the approval for salt water disposal to include the upper Baldonnel formation of the subject well.

The subject well is currently approved for disposal of produced water into the Baldonnel formation over the interval 1647 to 1660 mKB. An additional set of perforations is proposed over the interval 1626 to 1633 mKB, which BG Canada has identified as being in the upper Baldonnel formation. The proposed interval had been included in the original application for salt water disposal, however two objections from off-setting rights holders, producing from c-A12-A/94-G-8 (WA 18060), resulted in the application being denied. Thunder Energy now holds the rights to the land off-setting the subject well and has provided a letter of non-objection. Additionally, completion records indicate that the upper Baldonnel flowed at very low rates averaging $4.75 \times 10^3 \text{ m}^3/\text{d}$ with high water production $2.3 \text{ m}^3/\text{hr}$. The Commission is satisfied that disposal of produced water into the subject well will not adversely affect reserve recovery from the Baldonnel/Upper Charlie Lake formation.

We now concur that the well c-12-A/94-G-8 is a good candidate for salt water disposal into the upper Baldonnel formation, as proposed in the application for amendment. Attached is Approval 02-02-011 (Amendment #1) for the application granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*.

Sincerely,



Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 02-02-011 (Amendment #1)

**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a scheme of BG Canada Exploration and Production Inc. (BG Canada) for Salt Water Disposal (SWD) in the Baldonnell formation in the well BG Canada Laprise c-12-A/94-G-8 (WA# 14939).

NOW, THEREFORE, pursuant to Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*, hereby approves an amendment to the SWD scheme, as such scheme is described in

an application from BG Canada to the Commission dated February 14, 2007.

1. The water disposal interval must be in the Baldonnell formation, within the interval of 1626.0 – 1633.0 mKB and 1645.0 - 1660.0 mKB.
2. A record of volume of salt water disposed of through this well must be included on a Monthly Injection/Disposal Statement, in the prescribed form (BC-S18), which must be submitted to the Oil and Gas Commission not later than the 25th day of the month following the reported month.
3. The disposal/injection pressure at the sandface must not exceed the formation fracture pressure.
4. This approval may be modified or rescinded if deemed appropriate through a change in circumstances.



Doug McKenzie
Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 22nd day of February, 2007.