

May 20, 2010

5400-8600-32640-02

Alicia Tropak, R.P.Bio.
VP Environment
Cancen Oil Processors B.C. Inc.
400, 435-4th Avenue S.W.
Calgary, AB T2P 3A8

Dear Ms. Tropak:

**RE: APPROVAL FOR DEEP WELL DISPOSAL OF NON-HAZARDOUS WASTE
AND PRODUCED SALT WATER, AMENDMENT #1
CANCEN ET AL KOTCHO c-b67-K/094-I-14 (WA# 22847); PINE POINT**

Commission staff have reviewed your application, dated May 7, 2010, requesting approval for disposal of non-hazardous waste into the Pine Point formation of the subject well.

Approval was issued November 24, 2008 to dispose of produced salt water into the Pine Point formation of this well, based on lack of identifiable gas potential and off-setting salt water disposal operations. Thus far only limited disposal, approximately 159 m³ in early 2010, has occurred in the well c-b67-K since the initial successful injectivity test.

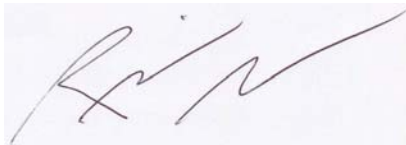
This application addresses a need in the area for disposal of non-hazardous waste liquids. We concur that the subject well appears to be a good candidate for non-hazardous waste and salt water disposal in the Pine Point formation.

Attached please find Approval 08-02-009 (Amendment #1) for the application granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation* for the Pine Point formation.

The Ministry of Environment identifies the type of effluent approved for injection (and maximum rate of injection) in a separate Permit. The effective date of this approval is the date of issuance of the Waste Discharge Permit, granted under the Environmental Management Act.

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

Sincerely,



Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering

Attachment

cc: Reg Marquardt – Ministry of Environment
Devin Scheck, Director - Waste Management, OGC

APPROVAL 08-02-009 (AMENDMENT #1)

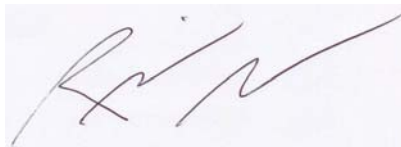
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a scheme of Cancen Oil Processors B.C. Inc. (Cancen) for Salt Water and Non-Hazardous Waste (SW/NHW) disposal into the Pine Point formation in the well Cancen et al Kotcho Lake c-b67-K/94-I-14 (WA# 22847).

NOW, THEREFORE, pursuant to Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*, the SW/NHW disposal scheme is hereby approved, as such scheme is described in

an application from Cancen to the Commission May 7, 2010, and related submissions..

1. The salt water and non-hazardous waste disposal interval must be in the Pine Point formation.
2. A record of volume of SW/NHW 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 salt water and non-hazardous waste disposal must be in accordance with the approval conditions of a Waste Discharge Permit, issued by the Ministry of Environment.
4. The disposal/injection pressure at the sandface must not exceed the formation fracture pressure.
5. This approval may be modified or rescinded if deemed appropriate through a change in circumstances.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of May, 2010.