

March 9, 2012

9450-7400-32640-02

Tyler Trilsbeck, P. Eng.
Production Engineer
Encana Corporation
150 – 9th Avenue SW
P.O. Box 2850
Calgary, AB T2P 2S5

Dear Mr. Trilsbeck:

**RE: SALT WATER DISPOSAL SPECIAL PROJECT
ENCANA KIWIGANA c-92-L/94-O-02; WA# 26740
OTHER AREAS - DEBOLT FORMATION**

Commission staff has reviewed the application dated December 21, 2011, to dispose of produced water and completion/workover fluids resulting from fracture treatments of Horn River Basin shale gas formations into the Debolt formation of the subject well.

A water injectivity test was approved August 2011. The required production test found the zone to be water bearing with no commercial hydrocarbons potential. A successful step-rate injection test and reservoir pressure test were performed at d-93-L (WA 26753) and will be applied to this well. We concur that the subject well appears to be a good candidate for salt water disposal in the Debolt formation. Notice of your application was posted on the OGC website with no objections received.

Attached please find Order 12-02-006, designating the Other Areas – Debolt formation a Special Project under section 75 of the *Oil and Gas Activities Act*, for the operation and use of a storage reservoir for the disposal of salt water.

Please note that, as per section 75 of the Drilling and Production Regulation, a record of the volume of salt water disposed of through this well must be included on a Monthly Injection or Disposal Statement (BC-S18), which must be submitted to the Oil and Gas Commission no later than the 25th day of the month in which activity occurred. Also, the operation of the salt water disposal project will be subject to periodic review and the Commission may modify the Order, if deemed appropriate.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Curtis Kitchen at (250) 419-4443.

Sincerely,



Paul Jeakins
Commissioner & CEO
BC Oil and Gas Commission

Attachment

IN THE MATTER of the application from Encana Corporation to the Commission dated December 21, 2011 for the operation and use of a storage reservoir.

ORDER 12-02-005

- 1 Under Section 75(1)(d) of the *Oil and Gas Activities Act*, the Commission designates the operation and use of a storage reservoir for the disposal of salt water or recovered fluids from a well completion or workover in the Other Areas – Debolt formation as a special project in the following area:

NTS 94-O-02 Block C – Unit 92

- 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) Salt water shall be injected only into the Debolt formation (435-623 mKB) through the well Encana Kiwigana c-92-L/94-O-02 (WA # 26740).
 - b) The wellhead injection pressure must be continually measured and recorded, and must not exceed 8300 kPa.
 - c) The Project shall be deemed to have commenced upon initiation of salt water injection into the well. The Supervisor, Reservoir Engineering, Resource Conservation, must be notified in writing within 72 hours of commencement of injection operations.



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 9th day of March 2012.