



November 16, 2010

9000-7400-32640-02

Chris Anderson, E.I.T
Production Engineer
EOG Resources Canada Inc.
1300, 700 – 9th Avenue S.W.
Calgary AB T2P 3V4

Dear Mr. Anderson:

**RE: SALT WATER DISPOSAL SPECIAL PROJECT – AMENDMENT #1
EOG GOTE c-18-B/94-O-09; Well Permit # 26179
OTHER AREAS - DEBOLT FORMATION**

Commission staff have reviewed your application, dated October 6, 2010, requesting an amendment to Approval #10-02-007, to dispose of produced water and completion/workover fluids resulting from fracture treatments in the Horn River Basin into the Debolt formation of the subject well.

Approval to dispose of salt water (Approval #10-02-007) was granted on August 18, 2010, with a condition stating that the maximum allowable wellhead injection pressure was 2 MPa. This pressure limitation was calculated using information obtained from the injectivity test, performed June 13, 2010, where water was injected down the casing, although formation fracture pressure was not achieved. EOG plans on disposing of produced water at high rates through tubing and as such expects wellhead pressures to be higher than 2 MPa as a result of increased friction losses through tubing. The amendment application provides additional information supporting EOG's view that an increase in maximum allowable wellhead pressure through tubing would have a negligible effect on bottom hole injection pressure and would not increase the likelihood of reaching formation fracture pressure.

Attached please find Order 10-02-007 Amendment #1, 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 Travis Mercure at (250) 419-4448 or the undersigned at (250) 419-4421.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Slocomb", written over a horizontal line.

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering
Oil and Gas Commission

Attachments

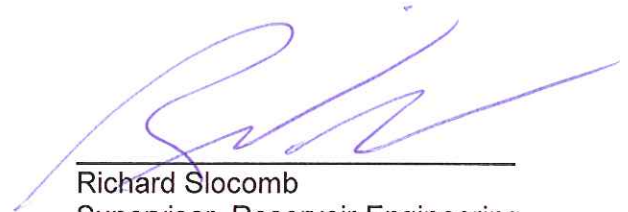
IN THE MATTER of the application from EOG Resources Canada Inc. (EOG) to the Commission dated October 6, 2010 for the operation and use of a storage reservoir.

ORDER 10-02-007 (AMENDMENT #1)

- 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-09 Block B – Unit 18

- 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 (650.0 – 720.0 mKB) through the well c-18-B/94-O-9 (Well Permit # 26179).
 - b) The wellhead injection pressure must be continually measured and recorded, and must not exceed 7,000 kPag.
 - c) Injection flow rate and wellhead injection pressure must be measured and recorded for the first 30 days of operation and submitted to the Commission.
 - d) 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.



Richard Slocomb
Supervisor, Reservoir Engineering
Oil and Gas Commission

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