



May 24, 2012

9045-7400/7450-32640-02

Amanda Schiaroli
Environmental Advisor
Imperial Oil Resources
237 - 4th Avenue, SW
Calgary AB T2P 0H6

Dear Ms. Schiaroli:

**RE: SALT WATER DISPOSAL SPECIAL PROJECT
IMP MCADAM c-24-I/094-O-02; WA# 27668
DEBOLT/ELKTON FORMATION**

Oil and Gas Commission (Commission) staff have reviewed the application, dated March 21, 2012, requesting approval to dispose of produced water and fracture flowback fluid into the Debolt/Elkton formation of the subject well. A step rate injectivity test, OGC approval Order 11-02-013, was successfully conducted in December 2011.

Attached please find **Order 12-02-014**, designating an area in the Horn River field (McAdam area) – Debolt/Elkton formation a Special Project under section 75 of the Oil and Gas Activities Act, for use of a storage reservoir for the disposal of produced water and flowback from fracture operations generated from oil and gas operations, specifically, development of shale gas resources in the Muskwa-Otter Park and Evie formations.

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

Sincerely,

A handwritten signature in blue ink, appearing to be 'K Paulson', is written over a horizontal line.

Ken Paulson, P.Eng.
Chief Operating Officer
Oil and Gas Commission

Attachment

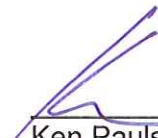
IN THE MATTER of the application from Imperial Oil Resources, to the Oil and Gas Commission (Commission) dated March 21, 2012 for the operation and use of a storage reservoir.

ORDER 12-02-014

- 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 produced salt water and flowback from fracturing operations into the Debolt/Elkton formation – McAdam area of the Horn River field as a special project in the following area:

NTS 94-O-02 Block I Unit 24.

- 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) Produced salt water, including flowback fluids, shall be injected only into the Debolt/Elkton formation through the well IMP MCADAM c-24-1/094-O-02 (Well Permit # 27668).
 - b) A record of volume 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.
 - c) The disposal/injection pressure at the wellhead must not exceed 3,500 kPa.
 - d) A BC11 form must be submitted to the Ministry of Finance to notify of commencement of operations and update the well status.



Ken Paulson, P. Eng.
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 27 day of May 2012.