



OIL AND GAS COMMISSION

April 15, 2008

7600-4800-32640-02

Anthony F.X. Barry, P. Eng.
President
Inisfail Resources Ltd.
1540, 715 - 5 Avenue S.W.
Calgary, Alberta T2P 2X6

Dear Mr. Barry:

**RE: SALT WATER DISPOSAL APPROVAL
INISFAIL RIGEL 08-29-088-17 (WA# 10504); HALFWAY FORMATION**

Commission staff have reviewed your application, dated February 14, 2008, requesting permission to dispose of salt water into the Halfway formation of the subject well.

The subject well has served as the injection well for the Rigel Halfway "Z" waterflood which commenced in June 1998. Injection ceased in July 2001 when the final oil producer, 02-29-088-17 (WA# 09452) watered out. The only other oil producer in the pool, 07-30-088-17 (WA# 11057), was suspended in September 1998 and abandoned in October 2000. The pool produced a total of 6.85 10³m³ oil, 2638 10³m³ gas and 60 10³m³ water over its lifetime.

We concur that the subject well appears to be a good candidate for salt water disposal in the Halfway formation. Attached is Approval 08-02-002 for the application, granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*. Please note that the Rigel Halfway "Z" waterflood project (98-09-004) is hereby rescinded.

Should you have any questions, please contact the undersigned or Kelly Okuszko, at (250) 952-0325.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachment

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
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APPROVAL 08-02-002

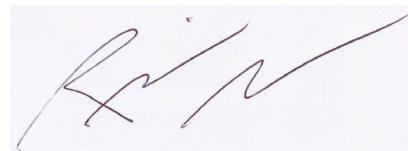
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a scheme of Inisfail Resources Ltd. (Inisfail) for Salt Water Disposal in the Rigel Halfway "Z" pool in the well INISFAIL RIGEL 08-29-088-17 (WA# 10504).

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

an application from Inisfail to the Commission received February 14, 2008.

1. The disposal interval must be in the Halfway formation.
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. The Commission must be notified in writing of the date of commencement of disposal.
5. This approval may be modified or rescinded if deemed appropriate through a change in circumstances.



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

DATED AT the City of Victoria, in the Province of British Columbia, this 15th day of April 2008.