

OIL AND GAS COMMISSION

September 17, 2007

9000-2850-32640-02

Scott Myers Hudson's Hope Gas Ltd 5336 Stadium Trace Parkway Suite 206, Birmingham, Alabama 35244

Dear Mr. Myers:

RE: WATER INJECTIVITY TEST HHG PORTAGE a-20-D/94-A-04 (WA# 22031); NIKANASSIN

The Commission has reviewed your application dated September 12, 2007 requesting permission to conduct a temporary water injectivity test into the Nikanassin formation of the subject well.

Your request for temporary injectivity is considered appropriate, as it will provide necessary information to determine if the reservoir is suitable for water disposal. The Commission recognizes that this test will also help determine the fracture pressure of the Nikanassin formation to ensure that this pressure is not exceeded during continuous disposal operations. Therefore it is deemed appropriate to exceed formation fracture pressure for this short duration test.

Approval for temporary injectivity test is hereby granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*, subject to the following conditions;

- 1. The test injection interval must be in the Nikanassin formation.
- 2. The total volume of injected water must not exceed 100 m³.

Based on the results of the injectivity test, you may wish to apply for a formal salt water disposal approval in the subject well. Please note that a notice of an application for salt water disposal, once received, will be published on the OGC Website. Formal approval may be granted only if no objections are received by the closing date of the notice.

Sincerely,

Doug McKenzie Director Resource Conservation Branch

Cc Gord Anderson, Windward Resources