



June 16, 2011

4700-8400-32640-02

Curtis Fong, P. Eng.
Exploitation Engineer
Penn West Exploration
200, 207 - 9th Ave S.W.
Calgary AB T2P 1K3

Dear Mr. Fong:

**RE: SALT WATER DISPOSAL SPECIAL PROJECT
PENN WEST HELMET d-16-E/94-P-10; WA# 26868
SLAVE POINT FORMATION**

Commission staff have reviewed the information submitted May 19, 2011, from Fekete Associated Inc. on your behalf, requesting approval to dispose of produced water into the Slave Point formation of the subject well.

A water injectivity test was approved March 8, 2011 and performed March 25, 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. We concur that the subject well appears to be a good candidate for salt water disposal in the Slave Point formation. Notice of your application was posted on the OGC website with no objections received.

Attached please find Order 11-02-004, designating an area in the Helmet field – Slave Point 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 produced 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 Richard Slocomb at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Ferguson', is written over a horizontal line.

Alex Ferguson
Commissioner
Oil and Gas Commission

Attachment

cc: Jason Benoit – Fekete Associates Inc.

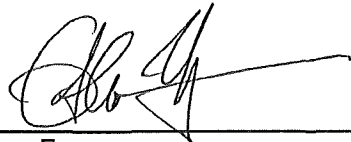
IN THE MATTER of the application from Penn West Petroleum Ltd., via Fekete Associates Inc., to the Commission dated May 19, 2011 for the operation and use of a storage reservoir.

ORDER 11-02-004

- 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 Helmet area – Slave Point formation as a special project in the following area:

NTS 094-P-10 Block E - units 16, 17, 26 and 27.

- 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 Slave Point formation (1782.5 – 1891.0 mKB) through the well Penn West Helmet d-016-E/094-P-10 (WA# 26868).
 - b) The wellhead injection pressure must not exceed 10,000 kPag. The disposal/injection pressure at the sandface must not exceed the formation fracture pressure.
 - 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.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 16 day of June 2011.