



February 3, 2009

8135-4100-32640-02

Marcel Reyes
Reservoir Engineer
Murphy Oil Company Ltd.
P.O. Box 2721, Station M
Calgary, AB T2P 3Y3

Dear Mr. Reyes:

RE: WATER INJECTIVITY TEST
MURPHY HZ SWAN c-39-A/93-P-09 (WA# 24405); BALDONNEL FORMATION

Commission staff have reviewed your application, dated January 8, 2009, requesting permission to conduct a temporary injectivity test into the Baldonnel formation of the subject well.

This well has been completed as an open hole horizontal well in the Baldonnel formation; please note that the well name has been changed to incorporate HZ to indicate such. Water disposal at this location would support operation of a new gas plant, with a need for disposal of up to 216 m³/d of water. Circumstantial evidence would indicate that this location may be prospective for water disposal in the Baldonnel formation, however gas has also been detected and it must be determined if the Baldonnel contains producible hydrocarbons. Testing of this zone, including an injection test, will be required to determine suitability for disposal well operation.

Approval for temporary injectivity testing 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 Baldonnel formation.
2. Prior to injection, a production test must be attempted to evaluate hydrocarbon potential.
3. The total volume of injected water must not exceed 500 m³.
4. The disposal/injection pressure at the sandface must not exceed the formation fracture pressure.

Please note that a notice of your application for salt water disposal has been posted to the OGC website, with February 23, 2009 as the closing date for any objections to be filed. Final approval will not be issued until well results, in a supplemental application, are reviewed by this office.

Sincerely,

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St. Victoria BC