



May 27, 2008

9000-2600-32640-02

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

Dear Mr. Myers:

**RE: APPLICATION FOR SALT WATER DISPOSAL
HHG PORTAGE a-A100-D/94-A-4, (WA# 16726); Bluesky Formation**

The Commission has reviewed your application dated April 28, 2008 requesting disposal of produced water into the Bluesky formation of the subject well in the Hudson's Hope area.

Although we concur that the well a-A100-D/94-A-4 is a good candidate for salt water disposal into the Bluesky formation. The Commission is concerned that the fracture gradient of the Bluesky formation is unknown in this area; particularly given an inferred fault 500 metres to the West of the subject well. Therefore, Hudson's Hope Gas must perform a leak-off test and submit the results to the OGC prior to putting the subject well on continuous injection service. Notice of your application was published in two issues of the BC Gazette and no written objections were received.

Attached is Approval 08-02-005 for the application granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*. The OGC expects that Hudson's Hope Gas will notify the Municipality of Hudson's Hope prior to commencement of disposal operations.

Sincerely,

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

Attachment

Cc Devin Scheck, OGC FSJ

RESOURCE CONSERVATION

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APPROVAL 08-02-005

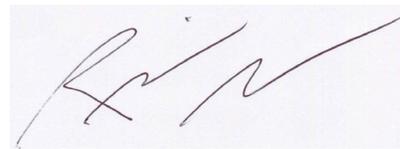
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a scheme of Hudson's Hope Gas Ltd. (HHG) for Salt Water Disposal (SWD) in the Bluesky formation in the well HHG Portage a-A100-D/94-A-4 (WA# 16726).

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

an application from HHG to the Commission dated April 28, 2008 and related submissions.

1. The water disposal interval must be in the Bluesky 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 27th day of May 2008.