



February 9, 2004

1880-6200-32640-02

OGC - 04044

Tim Beatty
Vice President, Operations
TerraGrande Energy Limited
Suite 700, 505 Third Street S.W.
Calgary, AB T2P 3E6

Dear Mr. Beatty:

**RE: APPLICATION FOR SALT WATER DISPOSAL
TERRA BOUDREAU 15-13-84-21; WA 11309**

The Commission has reviewed your application dated December 10, 2003 (received January 2, 2004) requesting permission to dispose of produced water into the Belloy "A" pool of the subject well.

We concur that the subject well appears to be a good candidate for salt water disposal in the Belloy "A" pool. Water disposal in this watered-out oil well may provide some pressure support thereby increasing oil recovery from the pool. Notice of your application was published in two issues of the BC Gazette with February 5, 2004 being the last date for any valid objections. As no written objections were received, your application is approved.

Attached is Approval 04-02-002 for the application granted under Part 8, Division 3, Section 94 of the *Drilling and Production Regulation*.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 10

- Wellfile (originals)
- 59240
- Dally
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- C. Gibson
- D. Krezanoski

RESOURCE CONSERVATION BRANCH

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

APPROVAL 04-02-002

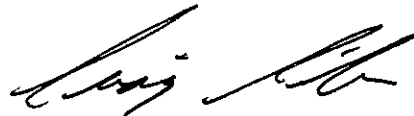
**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION**

IN THE MATTER of a scheme of TerraGrande Energy Limited (TerraGrande) for Salt Water Disposal (SWD) in the Belloy "A" pool in the well Terra Boudreau 15-13-84-21 W6M (WA# 11309).

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 TerraGrande to the Commission dated December 10, 2003.

1. The water disposal interval must be in the Belloy "A" pool.
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. This approval may be modified or rescinded if deemed appropriate through a change in circumstances.



Craig Gibson
Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 9th day of February 2004.