



March 19, 2008

3425-6200-59240-16

Harvey Heinrichs, P.Eng.
Canadian Chemical Technology Inc.
3740A - 11A St NE
Calgary, AB T2E 6M6

Dear Mr. Heinrichs:

**RE: PRE-SUBMISSION FOR ACID GAS DISPOSAL
WELL SEMC DOE 15-24-80-15 W6M; BELLOY FORMATION**

Commission staff have reviewed the pre-submission application, dated January 31, 2008, investigating the feasibility of acid gas disposal into the Belloy formation of the proposed well. A Well Authorization was issued by the Commission on February 19, 2008 for this location.

Well bore penetrations of the Belloy in this area have encountered nonproductive water saturated formation. The Belloy is being successfully used as an acid gas disposal zone at analogous locations to the east, in Alberta. The caprock, Montney formation, is a thick siltstone that is not expected to be of resource quality in this area. The Commission agrees that this well will likely make a suitable candidate for acid gas disposal in the Belloy formation. The Commission requires that the well be tested for any hydrocarbon potential in the completed zone, swabbing down if required.

The radius of influence of the injected gas plume will be dependent on the phi-h encountered by the subject well, assumed to represent the average for the area. The determined radius will then influence the conditions of disposal approval, which may include; a reservoir pressure testing program and the collection of gas and water samples for analysis from offsetting locations.

We note that the disposal rate and cumulative volume requested are dependent on future facility expansion. The Commission favours a staged approach to approval, with the approval rate matching initial need until demonstrated performance can support the higher values.

Prior to any approval for disposal, a formal application would be required that includes the results from the drilling of the well 15-24. A notice of application for deep well disposal would be posted on the OGC website, allowing a period for review and potential objections to be filed. Final approval would require the submission of Progress Reports to monitor performance.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering

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