



May 2, 2007

9000-1750/1870/2700-59240-15

Wendell Beavers
Consulting Project Manager
Hudson's Hope Gas Ltd.
5336 Stadium Trace Parkway, Suite 206
Birmingham, Alabama 35244

Dear Mr. Beavers:

**RE: FLARING EXTENSION – COAL BED GAS EXPERIMENTAL SCHEME APPROVAL
HUDSON'S HOPE AREA, GATES, MOOSEBAR AND GETHING FORMATION COALS**

The Commission has reviewed your application dated April 30, 2007 requesting an extension of the time period allowed for testing one test hole (HHG Portage b-43-A/94-B-1; WA 21477) within the approved Coal Bed Gas (CBG) experimental scheme area for exploration and production from the Gates, Moosebar and Gething Formation coals in the Hudson's Hope area of northeast British Columbia.

The CBG experimental scheme approval, granted on December 31, 2002, limited well test flaring to a 6 months duration and a total volume of $255.0 \times 10^3 \text{ m}^3$ per well. The Operations Engineering Branch, dated October 6, 2006, issued an approval increasing the total allowable flare volume to be $600 \times 10^3 \text{ m}^3$ for the well b-43-A/94-B-1. The total volume of gas flared from the well b-43-A/94-B-1 is $300.0 \times 10^3 \text{ m}^3$ over a 6 month period. Hudson's Hope Gas Ltd. (HHG) has requested an extension of the time period allowed for flaring in order to better understand the recent gas production increase to justify and plan for the next stage of development. The Commission agrees that due to the size and scope of a new CBG development, additional flexibility with regard to flaring is warranted. Therefore, the Commission hereby extends the allowed flaring duration by 3 months, for the well b-43-A/94-B-1.

Disposal of produced water will be to an underground formation as specified by section 94 of the *Drilling and Production Regulation* unless otherwise approved by the Commission.

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

RESOURCE CONSERVATION BRANCH

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