



March 9, 2012

1600-7400-32640-02

Paul Smolarchuck
VP Engineering and Operations
Canadian Spirit Resources Inc.
633 - 6th Avenue S.W.
Calgary, AB T2P 2Y5

Dear Mr. Smolarchuck:

**RE: INJECTIVITY TEST SPECIAL PROJECT
CSRI W FARRELL a-4-I/94-B-01; WA# 24448
CADOMIN/NIKANASSIN FORMATION**

Oil and Gas Commission (Commission) staff have reviewed the application, dated March 7, 2012, requesting approval to conduct a water injectivity test into the Cadomin/Nikanassin formation of the subject well, rig released December 26, 2008.

Attached please find Order 12-02-012, designating an area in the Farrell Creek field – Cadomin/Nikanassin formation a Special Project under section 75 of the *Oil and Gas Activities Act*, for the temporary operation and use of a storage reservoir for the disposal of fresh water. The Commission understands that potential disposal at this location is intended to accommodate produced salt water from area oil and gas operations.

Please note this is a temporary approval. Decision on a final disposal approval will not be made until a full review has been conducted to determine if the abnormally fresh Cadomin formation is suitable for salt water disposal.

Should you have any questions please contact Curtis Kitchen (250) 419-4443 or Ron Stefik (250) 419-4430.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jenkins', is written over a horizontal line.

Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

Attachment


IN THE MATTER of the application from Canadian Spirit Resources Inc., to the Oil and Gas Commission (Commission) dated March 7, 2012 for the temporary operation and use of a storage reservoir.

ORDER 12-02-012

- 1 Under Section 75(1)(d) of the *Oil and Gas Activities Act*, the Commission designates the temporary operation and use of a storage reservoir for the disposal of fresh water in the Farrell Creek area – Cadomin/Nikanassin formation as a special project in the following area:

NTS 94-B-1 Block I – Unit 4

- 2 Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:
 - a) Fresh water only shall be injected only into the Cadomin/Nikanassin formation through the well CSRI W Farrell a-4-1/94-B-01 (Well Permit # 24448).
 - b) Formation water must be retrieved for analysis prior to the injection of any fluid.
 - c) The total volume of injected water must not exceed 150 m³.
 - d) The injection test should be designed to characterize reservoir properties extending beyond the fracture stimulated region of the well. With the injectivity potential being the result of the study.



Paul Jenkins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 7th day of March 2012.