



June 16, 2017

Via Email: bjones@canadaenergypartners.com
Canada Energy Partners Inc.
343 Third St., Suite 412
Baton Rouge, La. 70801

3123-595 Burrard Street
Vancouver, BC V7X 1J1

Attention: Benjamin M. Jones, CEO

Dear Sir:

Re: Disposal Well, WA#22031 located at A-20-D/94-A-4, owned by Canada Energy Partners Inc. (CEP), (the Well)

As you are aware, the Commission has been working to consider potential risks and impacts from CEP's disposal operations at the Well to BC Hydro's operations at the Peace Canyon dam. While this work has been ongoing, CEP's operations at the Well have been suspended pursuant to OGC General Order 2017-008, which was issued by the Commission on March 16, 2017.

I write to advise that the Commission is considering taking action under section 26(1)(c) of the *Oil and Gas Activities Act* (OGAA) to cancel the above noted Well Permit.

The Commission has considered that while the potential for complete failure of the Peace Canyon dam is extremely low, the damage potential from induced seismicity is more difficult to assess. There are outstanding concerns an induced seismic event could generate peak ground accelerations necessary to impact the Peace Canyon dam. Faulting in the area of the Peace Canyon dam is complex and there is currently limited fault, pore pressure, stress, fracture and reservoir quality data available. I am aware that CEP has expressed concerns about the potential that it may be required to make expensive changes to its operations, for example to facilitate increased seismic monitoring, without sufficient certainty that it will be allowed to operate the project for its full life expectancy.

As the Commissioner's delegate, I am authorized to make determinations under section 26(1) of OGAA. Pursuant to section 26(6) of OGAA, the Commission must offer CEP an opportunity to be heard before making a decision under section 26(1).

An opportunity to be heard gives CEP the ability to express its position and present evidence regarding the proposed cancellation before the Commission makes any determination to cancel a permit. Where an opportunity to be heard is provided, the Commission may conduct a written, electronic or oral hearing, or any combination of them, as the Commission, in its sole discretion, considers appropriate (section 80).

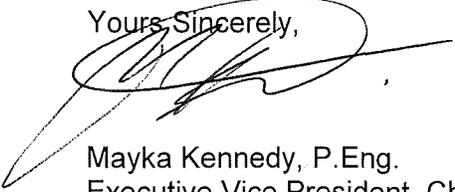
I recognize that CEP has already made considerable efforts to communicate its position and present information regarding its disposal operations and potential induced seismicity through submissions to the Commission. I intend to consider all of those submissions and information, to alleviate the need for CEP to make efforts to resubmit those materials.

Subject to consideration of any input from CEP regarding the desire for a face to face meeting or different time deadlines, I have determined that this opportunity to be heard may be heard in writing, with CEP's submissions to be provided by email or hard copy on or before the end of the day on Monday June 26, 2017.

Subject to any request for an adjustment in the submission deadline that may be approved by the Commission, if CEP wishes to make any submission with respect to the proposed cancellation, I invite you to provide that submission on or before June 26, 2017 by 4:30 pm (PST). In the event that CEP does not provide a submission by the deadline, please be advised that the Commission will proceed with the decision based on the information available.

Thank you.

Yours Sincerely,



Mayka Kennedy, P.Eng.
Executive Vice President, Chief Engineer
Oil and Gas Commission
mayka.kennedy@bcogc.ca