

June 21, 2018

Occupant/Disposition Holder:

GRL39931, AAG 39931 (SW 36), RIA861045

All of 25-69-6 W6M

All of 26-69-6 W6M

SW 31-69-6 W6M

S ½ 36-69-6 W6M

NE 36-69-6 W6M

SE 35-69-6 W6M

Via

WILLIAM TYLER SMITH

Box 135

Grovedale, Alberta T0H 1X0

Re: PROPOSED RECOMPLETION AND DISPOSAL WELL INFORMATION LETTER

LANDS: SE25-069-06W6

WELL NAME: PROGRESS GOLDCK7-25-69-6

SURFACE LOCATION: 07-25-069-06W6

Dragos Energy Corporation ("Dragos") is proposing to make application to Alberta Energy Regulator ("AER") for approval to recomplete an existing well located at 07-25-069-06W6M for Class II and Ib disposal (as shown on the attached plot plan).

In accordance with AER Directive 051: *Injection and Disposal Wells – Well Classifications, Completions, Logging, and Testing Requirements* and Directive 065: *Resources Applications for Oil and Gas Reservoirs* Dragos is providing you with the following public notification and consultation document.

The wells total vertical depth will be approx. **1295.0 m** and will be recompleted and operated in accordance with good oilfield practices as well as Alberta Environment and AER regulations. The following table summarizes the AER regulations for this well:

Description	Industry/Public Notification	Disclosure/Notification Radius
Produced Water Disposal (Class Ib)	Industry <ul style="list-style-type: none"> • Unit operator (if applicable) • Approval holder of scheme • All well licensees, including those of abandoned wells • All mineral lessees • All mineral lessors 	A radius of 1.6 km from the proposed disposal well where the disposal zone is known to be present
	Public <ul style="list-style-type: none"> • Landowners and occupants 	A radius of 0.5 km

Specific information relative to this project is detailed below:

General Inquiries and Contact Persons:	Company (Drilling) Representative: Steve Laidlaw	Telephone No: (403)-869-9790
	Surface Land: Clint Jensen	Telephone No: (403) 519-3497
	Field Operations: Clint Jensen	Telephone No: (403) 519-3497
	Field/Construction Representative Clint Jensen	Telephone No: (403) 519-3497
Emergency Contact:	DRAGOS Main Line (24 hours)	Telephone No: (403) 269-2459
Surface Facility / Location:	SE 25-069-06W6	
General Description of Project:	DRAGOS proposes to complete one (1) existing vertical well for Class II and Ib disposal located at 07-25-069-06W6M. The disposal zone target formation (Cardium) does not contain H ₂ S. Once approval has been granted, a service rig will be moved onto the location to complete and equip the well for disposal of water.	
Category / Type:	Category: Class II and Class Ib	

(From AER D51)	<p>Description: Class II Disposal refers to the injection of fluids into underground formations for purposes other than enhanced recovery or gas storage. Fluids included in a Class II disposal scheme may include:</p> <ul style="list-style-type: none"> • Produced water associated with the recovery of oil, bitumen, gas, or coalbed methane • Brine from salt cavern or solution mining operations • Water-based pigging fluids from cleaning of collection and injection lines • Brine reject or backwash from water softeners associated with enhanced recovery • Water containing polymers or other chemicals for enhanced recovery • Waste fluids from circulation during well cementing • CaCl₂ water <p>Description: Class Ib List:</p> <ul style="list-style-type: none"> • saline fluids as obtained from oilfield waste processing facilities, oilfield tank washing operations, oil spill containment and recovery, or similar operations • boiler blowdown water • liquid fraction of drilling muds, including KC1 muds, but excluding diesel inverters (in accordance with section 2.3) • aqueous liquid fractions of spent sweetening agents – neutralized (Cansweet 200,300, 300SX, 500, SulphaCheck, Sulfa-scrub) • amine filter backwash (eg. MEA, DBA, MDEA) • sulphur block run-off water - neutralized • inorganic salts used in heat exchange medium (eg. sodium/potassium nitrates/nitrites), properly solubilized using an existing aqueous waste stream • waste fluids from drilling operations (i.e. used in or originating from the wellbore) • spent workover or stimulation fluids (after neutralization and/or processing to recover hydrocarbons) • glycol solutions as obtained from dehydration operations • methanol or hydro-test solutions • acidic or alkaline solutions (neutralized) with heavy metal concentrations at or below the levels given in Schedule 1 • gas scrubber or absorption tower bottom liquids (neutralized) with heavy metal concentrations at or below the levels of Schedule 1 • washing waste water (i.e. detergent or soap wastes) • corrosion inhibitor solutions with heavy metal concentrations at or below Schedule 1 levels • oxygen scavenger solutions with heavy metal concentrations at or below Schedule 1 levels <p>A waste fluid that is not specifically listed above is suitable for disposal in a Class Ib well if it meets the following criteria:</p> <ul style="list-style-type: none"> • has a pH between 6.0 and 9.0⁽¹⁾; • has a flash point greater than 61 °C ⁽²⁾, unless <ul style="list-style-type: none"> i) is an untreatable sand or crude oil/water emulsion⁽³⁾, or ii) is an antifreeze or dehydration fluid⁽⁴⁾; • has heavy metal concentrations at or below the levels specified in Schedule 1 ⁽⁵⁾; and • has a total combined concentration of halogenated organic compounds of less than 100 mg/kg⁽⁵⁾. <p>In addition to meeting the above criteria, information on the types and sources of wastes intended for disposal must be disclosed in the application for the disposal scheme. The information must support that the quality of the wastes is appropriate for the intended disposal zone based on well bore design/conditions, containment/isolation within the intended disposal zone, and protection of non-saline water sources. The AER will consider the information on a case-by-case basis while also considering other applicable provincial and federal acts and regulations, as well as information from other jurisdictions on deep-well disposal.</p>
Target Formation:	Cardium
Need for Proposed Development, Existing and Future Plans:	Dragos Energy requires disposal for 3 rd party produced water and oilfield waste within the Gold Creek Kakwa Area, Alberta.

Expected Substance Type:	<input checked="" type="checkbox"/> Oilfield/Industrial Wastes (Class Ia) <input checked="" type="checkbox"/> produced water/specified wastes (Class II) <input type="checkbox"/> All
Construction & Soil Conservation	Operational needs and environmental considerations will guide construction practices. Normal lease and access road construction practices involve separate stripping and storage of the A and B soil horizons. In the treed areas, the lease will be maintained in a manner to allow for eventual tree and bush regrowth. Efforts will be made to maintain topsoil quality, control weeds and minimize the number of trees and land that is disturbed. Upon abandonment, the following drilling of a "dry hole" or after the well has reached economic limit, the lease will be reclaimed in accordance with provincial regulations as dictated by Alberta Environment.
On-Site Equipment Required:	If the well is successful, the site will be equipped with tanks, pump and filter equipment, and constructed for ongoing injection purposes.
Potential Flaring Operations:	During drilling and completion operations, there is no potential for flaring/venting where no further notification is required.
Potential Emissions & Odours:	No significant odor emission during drilling and completion operations is anticipated.
Safety and Scheduling:	The wells will be equipped with standard oilfield safety equipment during each of the recompletion, equipping and ongoing operation phases. We anticipate commencing recompletion operations in Q3-2018 and expect the recompletion to take between 8-12 days . If successful, the well will then be equipped with tank storage and fluid injection equipment. We anticipate this to take 30 days .
Anticipated Noise:	The noise associated with the drilling and completion operations will be temporary in nature and we will adhere to the regulations set out in Directive 038 (Noise Control Directive) that defines permissible sound levels for all activities associated with oil and gas operations. Noise generated by production equipment will be controlled and meet all AER regulations.
Traffic Impacts:	All associated traffic will travel along the leased access road. Drivers will be made aware of traffic concerns and we will strive to ensure the speed of all associated traffic is within safe and legal limits. Completion operations will require 3-4 loads of equipment and service vehicle traffic. Traffic during the ongoing operation phase will include multiple tank trucks daily and various service equipment as required.
Emergency Response Plan:	The proposed well is going to be completed in the Cardium which has no potential for H ₂ S. The Cardium zone in the area is a water wet zone with minimal to no hydrocarbons. The Cardium zone is over-pressured but is intended for the purpose of disposal and thus is not expected to produce or flow to surface at any time during operations. The Emergency Planning Radius is 0m from well center, a Site-Specific Emergency Response Plan will be present on location. Dragos Energy will follow its Corporate Emergency Response Plan in the unlikely event of an emergency during the drilling, completion or operation of the proposed well. Dragos Energy stands behind its reputation of drilling, operating and constructing high standard facilities designed to meet or exceed all AER, safety and environmental protection guidelines and regulations.
H₂S Concentration:	<u>00.0 mol/kmol</u> Emergency Planning Radius: <u>0.000 km</u> Release Rate: <u>0.0000m³/s</u>
Setbacks:	As with all wells, pipelines and facilities, there are setbacks put in place as a minimum distance between an energy facility and a dwelling, public facility, rural housing project or urban center. Simply put, setbacks prevent populated areas from developing too close to energy facilities or energy facilities getting too close to people. No development will be permitted within 100 meters of the well head unless all applicable relaxation consents can be obtained. Contact your local municipality for further details on their specific development setbacks and relaxation policies.
Hydraulic Isolation	Disposal approvals specify the disposal zone and limit injection to that zone only. Migration of disposal fluids to other zones is highly undesirable. Dragos Energy will provide the necessary logs, including pressure testing, and additional information to AER to confirm that there is no flow of injected fluid behind casing or associated aquifers based upon the initial pressure of the zone.

Emergency Planning & Emergency Contact Information:

Dragos Energy has a corporate Emergency Response Plan in place. The emergency contact number for Dragos Energy is **403-269-2459**. A site-specific emergency response plan is not required for this facility as per AER guidelines.

It is Dragos Energy Corporations intention to make application to the Alberta Energy Regulator for the approval of the above project a minimum of 14 calendar days after the date of this letter.

As part of this information package please find enclosed the following documentation for your review:

- Survey Plan
- Plot Plan
- Radius Map
- Letter from the Chairman of the ERCB
- the ERCB brochure Understanding Oil and Gas Development in Alberta,
- EnerFAQs No. 7: Proposed Oil and Gas Development: A Landowner's Guide,
- the ERCB publication EnerFAQs No. 15: Objecting to an Energy Resource Project and the form Objecting to an Energy Resource Project, and

EnerFAQs

Further to the foregoing information, available online through AER Public Information, please contact the undersigned or these may be downloaded from AER's website at: <http://www.aer.ca/about-aer/enerfaq>

- What is the AER?
- Having Your Say at an AER Hearing
- Inspections and Enforcement of Energy Developments in Alberta
- All About Critical Sour Wells
- Explaining AER Setbacks
- Flaring and Incineration
- Proposed Oil and Gas Wells, Pipelines, and Facilities: A Landowner's Guide
- The AER and You: Agreements, Commitments, and Conditions
- All About Alternative Dispute Resolution (ADR)
- Oil Sands
- Expressing Your Concerns – How to File a Statement of Concern About an Energy Resource Project
- How to Register a Private Surface Agreement

This notice is being provided to you pursuant to AER *Directive 051: Injection and Disposal Wells – Well Classifications, Completions, Logging, and Testing Requirements* and *Directive 065: Resources Applications for Oil and Gas Reservoirs* requirements. Should you require further information or clarification regarding this or any other proposed development by Dragos Energy Corporation please contact the Clint Jenson (COO) directly at **403-519-3497**.

Sincerely,

Dragos Energy Corporation
BY ITS AGENT, CANADA WEST LAND SERVICES LTD.



Melissa Enns

CONFIRMATION OF NON-OBJECTION

I/We have no concerns or objection to the AER issuing a permit to Dragos Energy to apply to license a disposal water well for 07-25-069-06W6 (AER Class Ib/II).

Dated this 16 day of JULY, 2018.

VERBAL CONSENT GIVEN

Name: **WILLIAM TYLER SMITH (GRL 39931 and AAG 3391)**










PLAN SHOWING AS-BUILT SURVEY OF WELL SITE AND ACCESS ROAD

DRAGOS GOLDCK 7-25-69-6

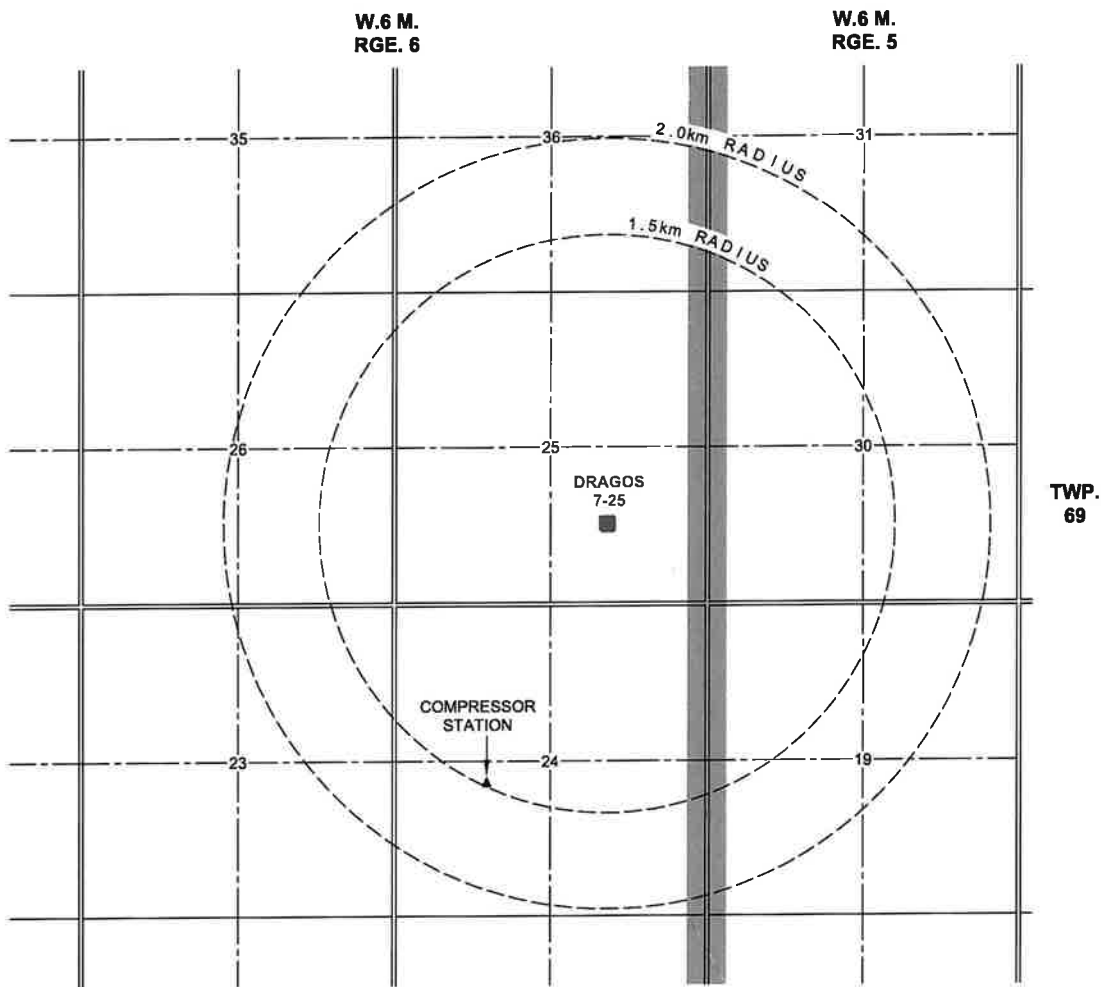
IN THEORETICAL

L.S.7 SEC.25 TWP.69 RGE.6 W.6 M.

M.D. OF GREENVIEW NO. 16

AREAS				CROSSINGS																																																									
	1/4	HECTARES	ACRES	XING	LEGAL	DESCRIPTION	OWNER	LINE NO.	LIC. NO.																																																				
EXISTING WELL SITE		1.210	2.99	1X	SE 25	BURIED PIPE	DRAGOS	2	59585																																																				
EXISTING ACCESS ROAD		0.839	2.07	2X	SE 25	BURIED PIPE	CNRL	2	39047																																																				
TOTAL		2.049	5.06																																																										
ACCESS ROAD																																																													
WIDTH (m)	LENGTH (m)	AREA (ha)																																																											
20.00	418	0.839 ha (2.07 ac)																																																											
LAND STATUS REPORT				DATED: 2018.08.11																																																									
DISPOSITIONS				S.W. 1/4 SEC.25 TWP.69 RGE.6 W.6 M.																																																									
CNT: 090024	GRANDE PRAIRIE OFFICE - FORESTRY DEPT.			<p>Geo-Referenced Point (RP) is shown thus:  RP</p> <p>The Geo-Referenced point is a Fd.I.Mp. (PLAN 942 2011)</p> <p>Bearings are assumed from PLAN 942 2011</p> <p>and the corresponding grid bearing is 25°46'20"</p> <p>Distances shown are ground and in metres</p> <p>Use a combined scale factor of 0.999854 to obtain grid distances</p> <p>NAD 83 (CSRS), UTM Zone 11 C.M. 117°</p> <p>6 096 019.47 N) Derived by PPP (Natural Resources Canada Precise Point Positioning)</p> <p>386 125.41 E</p>																																																									
TFA: 165604	DOUGLAS LEFEBVRE																																																												
TPA: 2378	PHILIP J THETRAULT																																																												
CNT: 020031	GRANDE PRAIRIE OFFICE - RANGELAND DISTRICT LANDS DIVISION DEPT.																																																												
GRL: 39931	WILLIAM TYLER SMITH & DOUGLAS LEFEBVRE																																																												
PNT: 840195	GRANDE PRAIRIE OFFICE - RANGELAND DISTRICT LANDS DIVISION DEPT.																																																												
TFA: 173910	INCEPTION EXPLORATION LTD. (EXPIRED)																																																												
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CNT: 090024	GRANDE PRAIRIE OFFICE - FORESTRY DEPT.			<p>ABBREVIATIONS</p> <table border="0"> <tr> <td>ac.....</td> <td>Acre</td> <td>N.....</td> <td>North</td> </tr> <tr> <td>calc.....</td> <td>Calculated</td> <td>Pit.....</td> <td>4 Pits</td> </tr> <tr> <td>ck.m.....</td> <td>Check Measured</td> <td>P/L.....</td> <td>Pipeline</td> </tr> <tr> <td>c.s.....</td> <td>Countersunk</td> <td>Pl.....</td> <td>Placed</td> </tr> <tr> <td>E.....</td> <td>East</td> <td>RGE.....</td> <td>Range</td> </tr> <tr> <td>Fd.....</td> <td>Found</td> <td>RP.....</td> <td>Geo-Referenced Point</td> </tr> <tr> <td>GNSS.....</td> <td>Global Navigation Satellite System</td> <td>R/W.....</td> <td>Right-of-way</td> </tr> <tr> <td>ha.....</td> <td>Hectare</td> <td>Ref.....</td> <td>Reference</td> </tr> <tr> <td>I.....</td> <td>Iron Post</td> <td>SEC.....</td> <td>Section</td> </tr> <tr> <td>M.....</td> <td>Mound Or Meridian</td> <td>S.....</td> <td>South</td> </tr> <tr> <td>Mk.....</td> <td>Mark</td> <td>TWP.....</td> <td>Township</td> </tr> <tr> <td>Mp.....</td> <td>Marker Post</td> <td>T.....</td> <td>Trench</td> </tr> <tr> <td></td> <td></td> <td>W.....</td> <td>West</td> </tr> </table>						ac.....	Acre	N.....	North	calc.....	Calculated	Pit.....	4 Pits	ck.m.....	Check Measured	P/L.....	Pipeline	c.s.....	Countersunk	Pl.....	Placed	E.....	East	RGE.....	Range	Fd.....	Found	RP.....	Geo-Referenced Point	GNSS.....	Global Navigation Satellite System	R/W.....	Right-of-way	ha.....	Hectare	Ref.....	Reference	I.....	Iron Post	SEC.....	Section	M.....	Mound Or Meridian	S.....	South	Mk.....	Mark	TWP.....	Township	Mp.....	Marker Post	T.....	Trench			W.....	West
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<p>The proposed well:</p> <p>Is at least 5.0km from a lighted airstrip/aerodrome. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Is at least 1.6 km of an unlighted airstrip/aerodrome. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Is at least 100m from any surface improvements. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(W/S FACILITIES)</p> <p>Is at least 40m from any surveyed road. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Is at least 100m from any water body. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(LOW AREA)</p> <p>Is at least 1.5km from the nearest surface development. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(COMPRESSOR STATION)</p> <p>Is at least 1.5km from the corporate limits of an urban centre. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Is at least 200m from any water well. <input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>Is located outside any potential coal development area. <input type="checkbox"/> YES <input type="checkbox"/> NO</p>				<p>Survey evidence found shown thus: </p> <p>Statutory iron posts planted shown thus: </p> <p>Temporary points: </p> <p>Survey marks (spikes) planted shown thus: </p> <p>Survey marks (spikes) found shown thus: </p> <p>Buried pipe shown thus: </p> <p>Buried gas co-op pipe shown thus: </p> <p>Buried Telus cable shown thus: </p> <p>Overhead power line shown thus: </p> <p>Power pole shown thus: </p> <p>Buried power cable shown thus: </p> <p>Centreline road shown thus: </p> <p>Tree line shown thus: </p> <p>Portions referred to shown thus: </p> <p>Existing well locations shown thus: </p> <p>Distances are in metres.</p>																																																									
OPERATOR				REVISION TABLE																																																									
				REV	DATE	DESCRIPTION	DRN	CHK																																																					
				0	2006.06.21	ISSUED (by VISTA GEOMATICS)	-	-																																																					
				1	2018.05.09	AS-BUILT & PLAN UPDATE	AT	NB																																																					
				2	2018.06.13	ADDED CROSSING TABLE AND UPDATED PLAN	CC/BN	DG																																																					
 <p>ALBERTA BRITISH COLUMBIA MANITOBA SASKATCHEWAN</p> <p>1-888-263-8055 www.caltechsurveys.com</p>				<p>A/E NO.:</p> <p>PROJECT NO.:</p> <p>FILE NO.:</p> <p>PCS: 2018008785</p> <p>CALTECH JOB NO.: 118-1375</p> <p>REF. JOB NO.: -</p> <p>118-1375W01-R2.DWG</p> <p>PC: CD</p> <p>PAGE 1 OF 5</p> <p>2 REVISION</p>																																																									

DRAGOS GOLDCK 7-25-69-6 (W.6M.)



SURFACE DEVELOPMENT SKETCH

SCALE 1:30 000



ONLY SURFACE DEVELOPMENTS WITHIN 2km OF W/C ARE SHOWN		
Occupied residences shown thus:	■	
Unoccupied residences shown thus:	□	
Other surface developments shown thus:	▲	
NEAREST SURFACE DEVELOPMENT(S)		
	DIRECTION	DISTANCE (±km)
COMPRESSOR STATION	SW	1.49
RESIDENCE	S	6.4
NEAREST URBAN CENTRE(S)		
	DIRECTION	DISTANCE (±km)
CITY OF GRANDE PRAIRIE	N	12.4

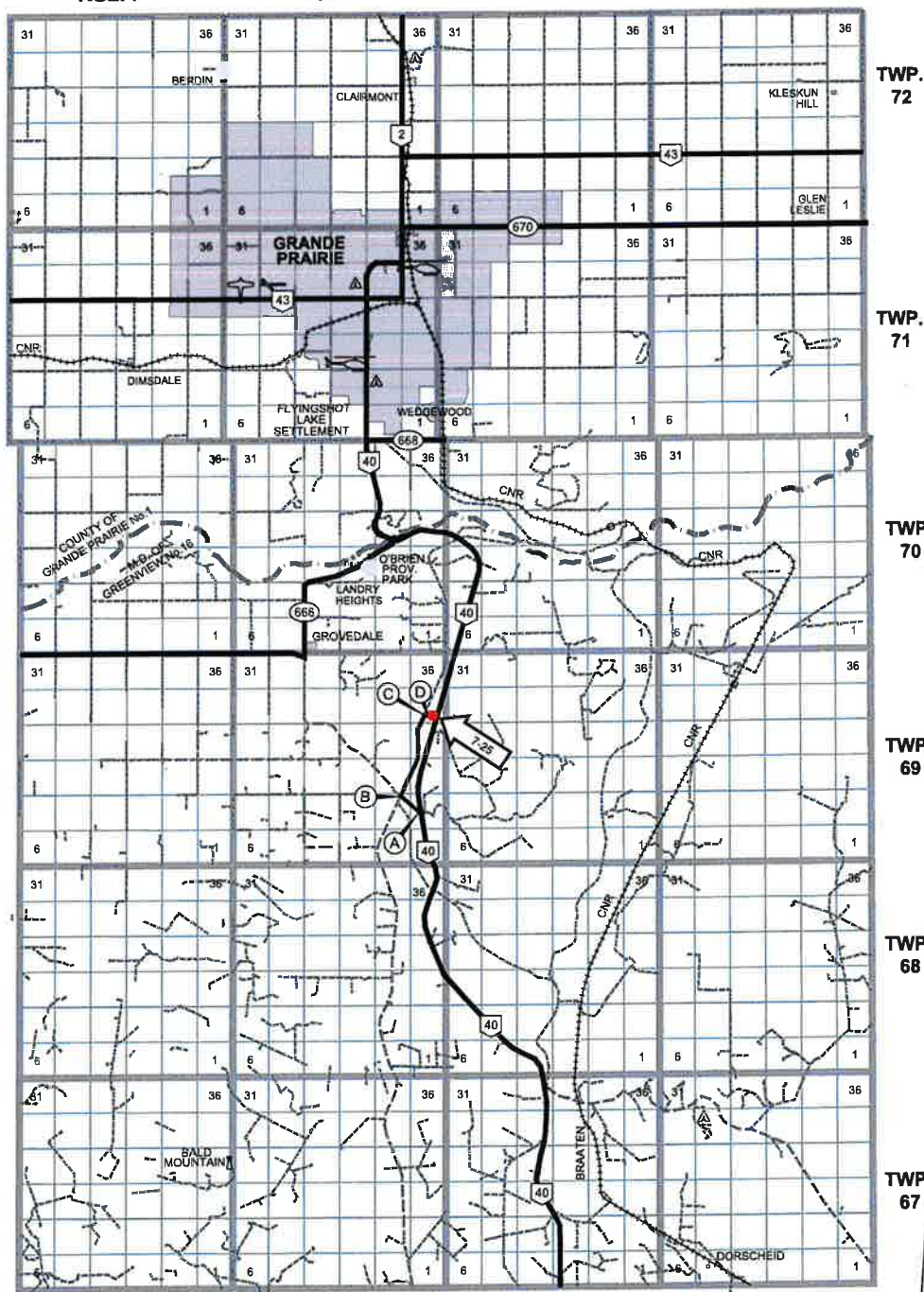
DRAGOS GOLDCK 7-25-69-6 (W.6M.)

W.6 M.
RGE. 7

W.6 M.
RGE. 6

W.6 M.
RGE. 5

W.6 M.
RGE. 4



ACCESS ROUTE SKETCH

SCALE 1:250 000

ROAD USE			
	OWNER	DISPOSITION	LENGTH (km)
A-B	ALBERTA TRANSPORTATION	PLAN 892 1850	1.1
B-C	WEYERHAEUSER COMPANY LIMITED	EZE 930161	4.0
C-D	DRAGOS ENERGY CORP.	LOC 062066	0.4



2

