



CANADIAN PETROLEUM ENGINEERING INC.

1710, 407 2nd Street S.W., Calgary, Alberta, Canada T2P 2Y3

Tel: (403) 263-0752 • Fax: (403) 233-0859 • E-Mail: cpe@cadvision.com • www.cpe.ab.ca

Gordon Wray
Chairman
NWT Water Board
P.O. Box 1500
Yellowknife, NT., Canada
X1A-2R3

September 26, 2002

Attention: Gordon Wray – Chairman

Subject: Water Consumption Report

COPY	
BOARD.	6
G.W.	1
E.A.	1
W. RES.	0216
File-	1769

Dear Mr. Wray,

Please find attached the Water Consumption Report for the Japex/JNOC/GSC et al Mallik L-38 location for the 2002 season. Also find attached the previously submitted Camp Sump analysis as well as the end of programs Drilling Sump analysis for the year ending 2001. The water consumption report for 2001 is also included. If you have any questions please call me at 403-263-0752. Thank you.

Regards,

Ed Fercho
President
Canadian Petroleum Eng. Inc.

RECEIVED
INDIAN & NORTHERN
AFFAIRS CANADA

OCT 1 03 128648





CANADIAN PETROLEUM ENGINEERING INC.

1710, 407 2nd Street S.W., Calgary, Alberta, Canada T2P 2Y3

Tel: (403) 263-0752 • Fax: (403) 233-0859 • E-Mail: cpe@cadvision.com • www.cpe.ab.ca

Gordon Wray
Chairman
NWT Water Board
P.O. Box 1500
Yellowknife, NT., Canada
X1A-2R3

April 12, 2002

Attention: Gordon Wray – Chairman

Dear Mr. Wray,

Please find attached the Camp Sump analysis as well as the end of programs Drilling Sump analysis from the Japex/JNOC/GSC et al Mallik L-38 location.

The attachment also includes the Water Consumption Report for the year ending 2001. If you have any questions please call me at 403-263-0752. Thank you.

Regards,

for

Ed Fercho

Mallik Camp - Japex

Licencee:

Licence number:

N7L1-1769

Station number:

1769-2

Current as of 5 pm, 9-April-2002

Test	Laboratory Id #	Chlorine residual	Chlorine total	Calcium	Chloride	Potassium
Units		mg/l	mg/l	mg/l	mg/l	mg/l
Detection limit		0.01	0.01	0.05	0.2	0.03
Licence maximums		NLL	NLL	NLL	NLL	NLL

Date/Time

Sampled

Sample

Mallik Camp

06-Jan-02	220174	F			12.70		1.26
21-Jan-02	220175	F	<0.01	<0.01	234.00	19,800.0	25,100.00
04-Feb-02	220228	F	NA	NA	919	8,860.0	25,600.00
20-Feb-02	220482	F	<0.01	<0.01	70.20	3,860.0	4,310.00
10-Mar-02	220844	P	<0.01	0.16	208.00	16,200.0	15,500.00

NA

= Results not available

Mallik Camp - Japex

Licencee:

Licence number:

N7L1-1769

Station number:

1769-1

Current as of 5pm, 9-April-2002

Test	Laboratory id #	Chlorine residual	Chlorine total	pH	TSS	Ammonia-Nitrogen	BOD	Total Phosphorus	Faecal Coliform	Oil and Grease
Units		mg/l	mg/l	pH	mg/l	mg/l	mg/l	mg/l	CFU/dL	mg/l
Detection limit		0.01	0.01	0.05	3	0.005	2	0.004	1	0.2
Licence maximums		NLL	NLL	6.0 to 9.0	100	NLL	80	NLL	10,000	5.0

Date/Time

Sampled

Sample

Mallik Camp

06-Jan-02	220118	1 F	<0.01	<0.01	7.56	38	28.500	39	7.69	<10	3.9
	220119	2 F	<0.01	<0.01	7.50	37	30.400	41	7.04	<10	3.0
	Average		<0.01	<0.01	7.53	38	29.450	40	7.37	<10	3.5
17-Jan-02	220168	F	NA	NA	7.49	50	4.430	16	6.460	<100	5.5
21-Jan-02	220172	1 F	<0.01	<0.01	7.41	124	6.080	89	7.80	400,000	8.7
	220173	2 F	<0.01	<0.01	7.34	142	5.880	90	8.17	500,000	4.6
	Average		<0.01	<0.01	7.38	133	5.980	90	7.99	450,000	6.7
04-Feb-02	220227	1 F	<0.01	0.05	7.87	63	29.500	57	11.20	260,000	4.3
	220229	2 F	<0.01	<0.01	8.05	60	27.200	55	11.00	360,000	4.0
	Average		<0.01	<0.03	7.96	62	28.350	56	11.10	310,000	4.2
20-Feb-02	220483	1 F	0.05	<0.01	7.62	94	7.440	69	10.10	1,030,000	7.0
	220484	2 F	0.07	0.06	7.65	78	7.110	58	8.95	900,000	7.6
	Average		0.06	<0.04	7.64	86	7.275	64	9.53	965,000	7.3
10-Mar-02	220827	1 F	<0.01	<0.01	7.72	74	36.900	55	7.89	2,400,000	8.1
	220828	2 F	<0.01	<0.01	7.68	77	34.700	60	8.82	2,700,000	7.4
	Average		<0.01	<0.01	7.70	76	35.800	58	8.36	2,550,000	7.8

TSS = Total Suspended Solids
 BOD = Biological Oxygen Demand
 NLL = Not listed in licence
 P = Preliminary analysis results
 F = Final analysis results
 QA/QC = Quality control samples - blanks
 NA = Results not available



Agri-Food & Environmental Group
 Calgary Edmonton Winnipeg Lethbridge Surrey

Analytical Report

Norwest Labs
 9938-67 Avenue
 Edmonton, AB. T6E 0P5
 Phone: (780) 438-5522
 Fax: (780) 438-0396

Bill to: Kavik Axys
 Report to: Kavik Axys
 Box 2320
 78 Bootlake Road
 Inuvik, NT, Canada
 X0E 0T0
 Attn: Michael Fabijan
 Sampled By:
 Company:

Project
 ID:
 Name:
 Location:
 LSD:
 P.O.:
 Acct. Code:

NWL Lot ID: **163581**
 Control Number:
 Date Received: Mar 14, 2002
 Date Reported: Mar 18, 2002
 Report Number: 248016
Preliminary

Analyte	Units	Sample Date		Results	Results	Results	Detection Limit
		Surface	Sump				
Aggregate Organic Constituents							
Oil	Dean Stark, dry wt.	%	2.10	4.0			0.05
Oil	Dean Stark, wet wt.	%	0.08	0.06			0.05
Water		%	96.3	98.6			1
Solids		%	3.6	1.4			1





Agri-Food & Environmental Group
 Calgary Edmonton Winnipeg Lethbridge Surrey

Analytical Report

Norwest Labs
 9938-67 Avenue
 Edmonton, AB. T6E 0P5
 Phone: (780) 438-5522
 Fax: (780) 438-0396

Bill to: Kavik Axys
Report to: Kavik Axys
 Box 2320
 78 Bootlake Road
 Inuvik, NT, Canada
 X0E 0T0
Attn: Michael Fabijan
Sampled By:
Company:

Project
ID:
Name:
Location:
LSO:
P.O.:
Acct. Code:

NWL Lot ID: 163581
Control Number:
Date Received: Mar 14, 2002
Date Reported: Mar 18, 2002
Report Number: 248016
Preliminary

Page: 2 of 7

Analyte	Units	Results	Results	Results	Detection Limit
NWL Number		163581-2			
Sample Date					
Sample Description		Sump			
Microtox					
Interpretation (AEUB, G-50)		Fail			
EC50	15 minutes	% Sample	4.2		0.1
EC50	5 minutes	% Sample	6.0		0.1
EC20	15 minutes	% Sample	1.3		0.1
EC20	5 minutes	% Sample	2.6		0.1
Lab Treatment		None			
Sample Type		Sump Liquid			
pH	Clarified Sample- Initial		9.4		
Colour	As Received		Dark Brown		
Colour	As Tested		Pale Yellow		
Turbidity	As Tested		None		
Colour Corrected Data		No			
Microtox Charcoal Treatment					
Interpretation (AEUB, G-50)		Fail			
EC50	15 minutes	% Sample	14.5		
EC50	5 minutes	% Sample	12.7		
EC20	15 minutes	% Sample	6.20		
EC20	5 minutes	% Sample	5.30		
Lab Treatment		G50 Charcoal			
Colour	As Tested		Pale Yellow		
Turbidity	As Tested		None		
pH	Clarified Sample- Initial		8.6		
Colour Corrected Data		No			
Physical and Aggregate Properties					
Solids	Total Suspended	mg/L	39600		1
Salinity					
pH	Salinity		9.6		
Conductivity	Salinity	dS/m	49.8		0.01
Solids	Total Dissolved	mg/L	34900		1
Calcium	Salinity	mg/L	210		0.2
Magnesium	Salinity	mg/L	28.4		0.05
Sodium	Salinity	mg/L	812		0.4
Potassium	Salinity	mg/L	16800		0.4
Chloride	Salinity	mg/L	16300		0.1
Sulphate-S	Salinity	mg/L	181		0.3
SAR	Salinity		13.9		
Specific Gravity	Saturated Paste		OverSaturated		





Analytical Report

Norwest Labs
9938-67 Avenue
Edmonton, AB. T6E 0P5
Phone: (780) 438-5522
Fax: (780) 438-0396

Agri-Food & Environmental Group
Calgary Edmonton Winnipeg Lethbridge Surrey

Bill to: Kavik Axys
Report to: Kavik Axys
Box 2320
78 Bootlake Road
Inuvik, NT, Canada
X0E 0T0
Attn: Michael Fabijan
Sampled By:
Company:

Project
ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: 163581
Control Number:
Date Received: Mar 14, 2002
Date Reported: Mar 18, 2002
Report Number: 248016
Preliminary

NWL Number		163581-2			
Sample Date					
Sample Description		Sump			
Analyte	Units	Results	Results	Results	Detection Limit
Salinity - Continued					
Specific Gravity	As Received	1.011			





Agri-Food & Environmental Group
Calgary Edmonton Winnipeg Lethbridge Surrey

Analytical Report

Norwest Labs
9938-67 Avenue
Edmonton, AB. T6E 0P5
Phone: (780) 438-5522
Fax: (780) 438-0396

Bill to: Kavik Axys
Report to: Kavik Axys
Box 2320
78 Bootlace Road
Inuvik, NT, Canada
X0E 0T0
Attn: Michael Fabijan
Sampled By:
Company:

Project ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: 163581
Control Number:
Date Received: Mar 14, 2002
Date Reported: Mar 18, 2002
Report Number: 248016
Preliminary

Analyte	Units	Sample Description		Results	Results	Detection Limit
		Sump	Mud			
Metals Total						
Aluminum	Total	mg/L	211	-	-	0.009
Antimony	Total	mg/L	<0.05	-	-	0.006
Arsenic	Total	mg/L	0.50	-	-	0.01
Barium	Total	mg/L	11.7	-	-	0.0002
Beryllium	Total	mg/L	0.043	-	-	0.0006
Bismuth	Total	mg/L	0.12	-	-	0.008
Boron	Total	mg/L	4.06	-	-	0.002
Cadmium	Total	mg/L	0.020	-	-	0.0006
Calcium	Total	mg/L	762	699	-	0.2
Chromium	Total	mg/L	0.788	-	-	0.0009
Cobalt	Total	mg/L	0.315	-	-	0.0008
Copper	Total	mg/L	1.73	-	-	0.001
Iron	Total	mg/L	743	-	-	0.003
Lead	Total	mg/L	0.397	-	-	0.002
Lithium	Total	mg/L	0.557	-	-	0.001
Magnesium	Total	mg/L	226	-	-	0.06
Manganese	Total	mg/L	13.1	-	-	0.0002
Molybdenum	Total	mg/L	0.114	-	-	0.001
Nickel	Total	mg/L	0.996	-	-	0.001
Phosphorus	Total	mg/L	24.7	-	-	0.03
Potassium	Total	mg/L	13600	-	-	0.4
Selenium	Hydride Total	mg/L	0.0025	-	-	0.0002
Silicon	Total	mg/L	322	-	-	0.004
Silver	Total	mg/L	<0.01	-	-	0.001
Sodium	Total	mg/L	619	992	-	0.4
Strontium	Total	mg/L	2.29	-	-	0.0001
Sulphur	Total	mg/L	345	480	-	0.009
Thallium	Total	mg/L	0.17	-	-	0.004
Tin	Total	mg/L	<0.03	-	-	0.003
Titanium	Total	mg/L	5.47	-	-	0.0004
Vanadium	Total	mg/L	0.855	-	-	0.001
Zinc	Total	mg/L	7.69	-	-	0.0007





Agri-Food & Environmental Group
Calgary Edmonton Winnipeg Lethbridge Surrey

Analytical Report

Norwest Labs
9938-67 Avenue
Edmonton, AB. T6E 0P5
Phone: (780) 438-5522
Fax: (780) 438-0396

Bill to: Kavik Axys
Report to: Kavik Axys
Box 2320
78 Bootlake Road
Inuvik, NT, Canada
X0E 0T0
Attn: Michael Fabijan
Sampled By:
Company:

Project
ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: 163581
Control Number:
Date Received: Mar 14, 2002
Date Reported: Mar 18, 2002
Report Number: 248016
Preliminary

Page: 5 of 7

NWL Number		163581-3	
Sample Date			
Sample Description		Mud	
Analyte	Units	Results	Detection Limit
Inorganic Nonmetallic Parameters			
Chlorine	Total	mg/L	< 0.1
Routine Water			
Chloride	Dissolved	mg/L	12300

Approved by: _____



Accredited by the Standards Council of Canada (SCC) and by the Canadian Association for Environmental Analytical Laboratories (CAEAL) for specific tests registered with the Council and the Association



Agri-Food & Environmental Group
 Calgary Edmonton Winnipeg Lethbridge Surrey

Methodology and Notes

Norwest Labs
 9938-67 Avenue
 Edmonton, AB. T6E 0P5
 Phone: (780) 438-5522
 Fax: (780) 438-0396

Bill to: Kavik Axys
Report to: Kavik Axys
 Box 2320
 78 Bootlake Road
 Inuvik, NT, Canada
 X0E 0T0
 Attn: Michael Fabijan
 Sampled By:
 Company:

Project
ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: 163581
Control Number:
Date Received: Mar 14, 2002
Date Reported: Mar 18, 2002
Report Number: 248016

Preliminary

Method of Analysis:

Test	Reference	Method	Date of Analysis	Location	Analyst
Chloride in Water	APHA	Automated Ferricyanide Method, 4500-Cl- E	Mar 15, 2002	Norwest Edmonton	Gordon Grensman
Chlorine (Total) in water	APHA	DPD Colorimetric Method, 4500-Cl G	Mar 15, 2002	Norwest Edmonton	Matt Cummings
Metals Hydride (Total) in water	APHA	Continuous Hydride Generation / Atomic Absorption Spectromet, 3114 C	Mar 18, 2002	Norwest Edmonton	Stef Pavlyshyn
Metals Trace (Total) in water	APHA	Inductively Coupled Plasma (ICP) Method, 3120 B	Mar 15, 2002	Norwest Edmonton	Jesse Dang
			Mar 15, 2002	Norwest Edmonton	To Thong
Microtox-15 Minute Multiple Concentration, EC50	Environment Canada	Biological Test Method: Toxicity Test Luminescent Bacteria, 1/RM/24	Mar 15, 2002	Norwest Edmonton	Lynette Vik
Microtox Charcoal 15 Min Multi-Conc Bioassay	Environment Canada	Biological Test Method: Toxicity Test Luminescent Bacteria, 1/RM/24	Mar 18, 2002	Norwest Edmonton	Lynette Vik
Oil in soil by Dean-Stark	Dean-Stark	Determination of the Bitumen, Water and Solids in Oil Sand, ACOSA	Mar 15, 2002	Norwest Edmonton	Brandi Holmes
Salinity Analysis (DW)	APHA	Automated Ferricyanide Method, 4500-Cl- E	Mar 15, 2002	Norwest Edmonton	Darren Crichton
			Mar 15, 2002	Norwest Edmonton	Darren Crichton
			Mar 15, 2002	Norwest Edmonton	Darren Crichton
			Mar 15, 2002	Norwest Edmonton	Darren Crichton
Solids Suspended (Total, Fixed and Volatile)	APHA	Inductively Coupled Plasma (ICP) Method, 3120 B TSS Dried at 103-105 C, 2540 D	Mar 15, 2002	Norwest Edmonton	Tina Knott

References:

APHA	Standard Methods for the Examination of Water and Wastewater
Dean-Stark	ACOSA Reference Method
Environment Canada	Toxicity Test Using Luminescent Bacteria

Comments:

Added TEH6 on sample 1 as per client request. Due Mar 20. AN
 Additional MTX5, requested by client. Due Mar 18/02. AN 15-3-02 cm



Agri-Food & Environmental Group
Calgary Edmonton Winnipeg Lethbridge Surrey

Methodology and Notes

Norwest Labs
9938-67 Avenue
Edmonton, AB. T6E 0P5
Phone: (780) 438-5522
Fax: (780) 438-0396

Bill to: Kavik Axys
Report to: Kavik Axys
Box 2320
78 Bootlake Road
Inuvik, NT, Canada
X0E 0T0
Attn: Michael Fabijan
Sampled By:
Company:

Project
ID:
Name:
Location:
LSD:
P.O.:
Acct. Code:

NWL Lot ID: 163581
Control Number:
Date Received: Mar 14, 2002
Date Reported: Mar 18, 2002
Report Number: 248016
Preliminary

Norwest Labs strongly recommends that this report is not reproduced except in full.

Accredited by the Standards Council of Canada (SCC) and by the Canadian Association for Environmental Analytical Laboratories (CAEAL) for specific tests registered with the Council and the Association

Japex Canada Ltd. Operational Report for Year End Dec. 31, 2001

Water Board License # N7L-1769

Land Use Permit – N2001A0016

Permit to conduct activities in a Migratory Bird Sanctuary NWT-MBS-01-06

Japex Canada Ltd. on behalf of the Japan National Oil Company and Geological Survey of Canada et al undertook operations to conduct a three well Gas Hydrate Research and Development program. The program schedule required that drilling operations began on site by December 15, 2001 and operations were to be completed by March 15, 2002. Mobilization of equipment and supplies was undertaken in late June 2001 to meet this schedule at the Mallik 3L-38 site located at N69° 27' 39.302" and W134° 39' 38.898".

All equipment and supplies were mobilized from Nisku Ab., Hay River NT., Inuvik NT. and Tuktoyaktuk NT. to the Taglu Radio Tower staging area and remained there until after freeze up. No watchmen were kept on site; however the site was monitored by conducting inspection trips.

a) Total Quantity of Water Consumption

- 1) Construction Camp operations from November 17, 2001 through December 16, 2001 for a total of 30 Days.
 $250\text{ltrs}/\text{Man}/\text{Day} \times 14 \text{ Men} \times 30 \text{ Days} = 105\text{m}^3$
- 2) Drilling Camp operations from December 16, 2001 through December 31, 2001 for a total of 16 Days.
 $250\text{ltrs}/\text{Man}/\text{Day} \times 59 \text{ Men} \times 16 \text{ Days} = 236\text{m}^3$
- 3) Building of Ice Pad on the drilling and storage pad consumed a total of 1400m^3 .
- 4) Preparations for drilling operations conducted from December 20, 2001 through December 31, 2001 consumed on average $36\text{m}^3/\text{Day}$.
 $36\text{m}^3/\text{Day} \times 11 \text{ Days} = 396\text{m}^3$.

Note: Water Consumption for camp facilities averaged $250\text{ltrs.}/\text{Man}/\text{Day}$

Total consumption of 2137m^3 more or less was used by the Japex Canada project. Of this total volume 1400m^3 was taken from the Mallik Bay area and 737m^3 was taken from the Harry Channel which is adjacent to the Taglu Radio Tower Site.

b) Quantities of Waste

Total quantities of waste disposal on site were as follows:

- Accommodation discharge estimated at $12\text{m}^3/\text{Day} \times 16 \text{ Days} = 192\text{m}^3$.
- Drilling Operations discharge over the 7 Days of operations was estimated to be 80m^3 .
- Total Discharge for 2001 at the Mallik Site was 272m^3 .

c) Details of work completed

On November 17, 2001 a start-up crew was dispatched to the Taglu Site and a sleigh camp was started to allow for an ice road building crew to undertake operations. Sewage from this camp was given primary treatment and discharged.

Ice road construction started on November 19, 2001. The ice road was constructed from the Taglu Site along the eastern arm of the Harry Channel out to the Beaufort Sea. It then followed the shoreline to the Mallik L-38 Site.

During the construction operations, a crew varying from 11 to 18 personnel were accommodated in the sleigh camp facilities. Water consumption from the Harry Channel of the MacKenzie River was $\pm 4\text{m}^3/\text{Day}$. Ice road construction was achieved by using 4 Ice Auger units mounted on the back of one tonne 4X4 trucks using hydraulically operated augers roughly 18" in diameter. Two ice ramps were constructed at each of the staging sites. Each ramp site required approximately 50m^3 of water.

A roadway was opened to the Mallik Site on December 5, 2001 and the snow on location was levelled using a rubber tire drag. Two water trucks were dispatched on December 6, 2001 and commenced flooding operations. A 15cm packed snow and ice pad was built on the access road and the drilling location.

During the period from December 6, 2001 to December 23, 2001 while flooding activities were underway, water was taken from the Mallik Bay area where an unnamed channel entered the Mallik Bay approximately $\pm 3\text{km}$ south of the Mallik L-38 Site. Water consumption during this construction period peaked at $\pm 95\text{m}^3/\text{Day}$ for a period of 17 days.

A total volume of $\pm 1400\text{m}^3$ of water was used to build the Ice Pad area. During this time two disposal sump areas were drilled and loaded with explosives and then blown. The drilling waste sump was $28\text{m} \times 38\text{m} \times 3.5\text{m}$ deep with a potential volume of 3724m^3 of waste. The camp sump was $12\text{m} \times 40\text{m} \times 3.5\text{m}$ giving a total volume of 1680m^3 .

Moving of the main operations camp began on December 12, 2001 and the camp was erected, and operational, on December 16, 2001. Personnel were all moved to the site by December 18, 2001 and rig mobilization was undertaken at this time.

During the period from December 18, 2001 through December 31, 2001 the personnel count at the camp site varied from 50 to 62 people.

Rig mobilization was completed by December 23, 2001 and drilling operations commenced on December 25 at 08:30hrs. During the period between December 20, 2001 and December 31, 2001 in preparing for drilling and conducting operations water consumption averaged 36m³/Day for a total of 396m³

All of the water used for drilling operations and for the camp facility from December 24, 2001 through December 31, 2001 was drawn from the Harry Channel of the MacKenzie River some 23km from location at the Taglu Radio Tower site. This was done to ensure that we had a know quality of water which was required for mixing the drilling fluids and cementing the casing strings.

d) Sumps

No sump closures were undertaken during the year 2001

Incidents Reported

e) Fuel Spill

A fuel spill, approximately 25 litres, occurred and was reported at the Taglu Radio Tower Stage Site when fuel was being transferred by Northern Transportation Barge to the environmental fuel storage tanks that were on site for ice road and location construction. The entire fuel spill was cleaned up using absorbent pads and sawdust, put into containers and disposed of in an approved manner at the disposal site.

No other spills or incidents were reported during the 2001 operations.

f) Monitoring Programs

No monitoring programs occurred during December 2001 as on-site drilling operations only commenced on December 25, 2001. Minimal discharges had occurred. Samples collection started in early January 2002.

Water Consumption Report
Japex/JNOC/GSC et al Mallik 3L, 4L & 5L-38

Water Board License # N7L-1769
Land Use Permit – N2001A0016

Permit to conduct activities in a Migratory Bird Sanctuary NWT-MBS-01-06

Japex Exploration Petroleum Company Ltd. (Japex) located in Tokyo Japan and their wholly owned subsidiary company, Japex Canada Ltd. who were the designated operators, on behalf of the Japan National Oil Company and Geological Survey of Canada et al undertook operations to conduct a three well Gas Hydrate Research and Development program. Japex retained Canadian Petroleum Eng. Inc. (CPE) to act as the project manager on their behalf. The program schedule required that drilling operations began on site by December 15, 2001 and operations were to be completed by March 15, 2002. Mobilization of equipment and supplies was undertaken in late June 2001 to meet this schedule at the Mallik 3L-38 site located at N69° 27' 39.302" and W134° 39' 38.898".

a) Total Quantity of Water Consumption - January 1 - March 31, 2002

- 1) Drilling Camp operations from January 1 - March 17, 2002 for a total of 76 Days.
250ltrs/Man/Day X 4847 Man Days = 1,212m³
* - Average Water Consumption = 250ltrs/Man/Day
- 2) Drilling operations conducted from January 1 – Feb. 20, 2002 for a total of 51 days consumed on average 36m³/Day.
36m³/Day X 52 Days = 1,836m³.
- 3) Testing Operations – Conducted Feb. 21 – Mar. 14, 2002 (21 Days).
Water consumption was reduced to 15m³/Day.
15m³/Day X 21 Days = 315m³

Total consumption of 3,363m³ more or less was used by the Japex Canada project. Of this total volume 2,095m³ was taken from the Mallik Bay area and 1268m³ was taken from the Harry Channel which is adjacent to the Taglu Radio Tower Site.

b) Quantities of Waste

Total quantities of waste disposal on site were as follows:

- Accommodation discharge estimated at 12m³/Day X 76 Days = 912m³.
- Of the total 912m³ of Camp Waste a total of 300m³ was hauled to the Inuvik Sewage Disposal facilities.
- Drilling Operations discharge for Jan. 1 – Jan. 23, 2002 (at 11m³/day avg.) of operations was estimated to be 253m³.

- Drilling Operations discharge for Jan. 24 – Feb. 24, 2002 (at 20.5m³/day avg.) of operations was estimated to be 634m³.

During the period of Jan. 1 – Jan. 23, 2002 three casing strings were run (One on Mallik 3L-38 and two on Mallik 4L-38). During these three days an additional increase of waste disposal occurred.

Additional Waste

- January 7, 2002 - 45m³
- January 15, 2002 - 80m³
- January 22, 2002 - 65m³

Drilling Operations on Mallik 5L-38 from January 25 – February 21, 2002 had an additional 3 days of extra waste disposal while running casing.

Additional Waste

- January 27, 2002 - 45m³
- February 7, 2002 - 145m³
- February 23, 2002 - 75m³

Upon completion of the wells they were emptied and cleaned. The two drilling fluid tanks contributed another 110m³ of waste. The well test water which contained 50 m³ was also disposed of.

Total Discharge for 2002 at the Mallik Site was estimated at 2,364m³.

Total water consumption for the 2002 operations was 5,727m³
(Section (a) 3,363m³ + Section (b) 2,364m³)

c) Details of work completed

All equipment and supplies were mobilized from Nisku Ab., Hay River NT., Inuvik NT. and Tuktoyaktuk NT. to the Taglu Radio Tower staging area and remained there until after freeze up. No watchmen were kept on site; however the site was monitored by conducting inspection trips.

A report for the year ending December 31, 2001 was filed at your office on April 12, 2002. This report covers the period from January 1, 2002 to March 31, 2002. During this period drilling operations were conducted from January 1, 2002 to February 22, 2002. Well evaluation and testing were conducted from February 23 through to March 13, 2002 at which time all drilling and well operations ceased. During this period an average of 15m³/day of water was used. The rig was released on March 14, 2002 and demobilization activities commenced. At that time the sumps were closed and a representative from the Indian and Northern Affairs Canada visited the site and gave approval for closing the sumps. The camp was shut down and all equipment was removed by March 18, 2002 except for the equipment required for site reclamation. At the present time no further activities are planned for the site in the foreseeable future.

During early August 2002 a crew was dispatched to do the final clean up of the two stage sites, lease area and the camp area. After the cleanup was completed an inspection trip was conducted which included representatives from Japex, INAC and CPE. The three sites received approval as being properly abandoned and cleaned by the INAC representative (See Attached Report).

d) Sumps

Two sumps were drilled and blasted. One single sump was blasted for the three wells and all the drilling waste was transported from the rig to the common sump. A second sump was drilled and blasted for the camp waste and excess waste, approximately 300m³, was trucked to the Inuvik Sewage Disposal site.

Incidents Reported

e) Fuel Spill

One Glycol spill was reported on March 4, 2002 during 2002 (See Attached Report). The Glycol and snow mixture was collected and then melted and pumped into a tank. It was then removed to Inuvik for disposal.

f) Monitoring Programs

Kavik-AXYS Inc. was retained to conduct a routine monitoring program. Samples were taken and forwarded to Taiga Environmental Laboratory located in Yellowknife, N.W.T. for analysis (See Attached Report).

Jan.	Men
1	57
2	60
3	61
4	60
5	61
6	60
7	57
8	61
9	60
10	65
11	64
12	62
13	64
14	59
15	56
16	58
17	56
18	54
19	57
20	54
21	53
22	56
23	60
24	60
25	64
26	71
27	72
28	74
29	72
30	74
31	76
Total:	1918

Feb.	Men
1	58
2	63
3	61
4	66
5	61
6	57
7	60
8	55
9	60
10	66
11	70
12	66
13	65
14	66
15	69
16	68
17	75
18	69
19	70
20	68
21	79
22	76
23	75
24	65
25	66
26	68
27	69
28	76
Total:	1867

Mar.	Men
1	80
2	84
3	84
4	80
5	77
6	74
7	74
8	72
9	69
10	66
11	70
12	65
13	55
14	41
15	35
16	25
17	11
Total:	1062

A - Total Quantity of Water Consumption

4847 Total Men

250 Average Water Consumption/Person/Day (litres)

1212m³ Total Camp Water Consumption (m³)

36m³ Preparations for Drilling Operations consumed (on average)/day.

51 Days of Drilling Operation

1836m³ Total Drilling Operation Water Consumption (m³)

15m³ Testing Operations - Averaged 15m³/Day

21 Conducted Feb. 21 - Mar. 14, 2002 (21 Days)

315m³

3,363m³ Total Water Consumption

B - Quantity of Waste

12m³ Average Accomodation Discharge (/day)

76 Days of Operation

912m³ Total Accomodation Discharge

253m³ Average Drilling Operation Discharge Jan. 1-23. (23 days at 11m³/day)

634m³ Average Drilling Operation Discharge Jan. 24 - Feb. 24(31 days at 20.5m³/day)

455m³ Additional Discharge (As Per Attached)

1,342m³

110m³ Two Drilling Fluid Tanks - (Emptied and Cleaned)

2,364m³ Total Water Discharge

5,727m³ Total Water Usage

N.W.T. SPILL REPORT (Oil, Gas, Hazardous Chemicals or other Materials)

National Energy Board
 Phone (403) 292-6614 Home (403) 275-6256
 Fax (403) 292-5876 or 292-5875

24-Hour Report Line
 Phone (867) 920-8130
 Fax (867) 873-6924

A Report date and time March 4/02, 18:00hrs	B Date and time of spill (if known) March 3/02 20:00hrs	C Original Report Update Report	Spill number
D Location and map coordinates (if known) and direction (if moving) Mallick 5L-38, N 69°27'39.302, W 134°39'38.698			
E Party responsible for spill Japex			
F Product(s) spilled and estimated quantities (provide metric volumes/weights if possible) Anti-freeze mixed with 50% water, 1000 litres.			
G Cause of spill Damaged pour spout on 1m ³ container			
H Is Spill terminated? <input checked="" type="radio"/> yes <input type="radio"/> no	I If spill is continuing, give estimated rate	J Is further spillage possible? <input type="radio"/> yes <input checked="" type="radio"/> no	K Extent of contaminated area (m ²) 2m ²
L Factors affecting spill recovery (weathering conditions, terrain, snow cover, etc.) Snow cover		M Containment (natural depression, dykes, etc.) Snow dykes.	
N Action, if any, taken or proposed to contain, recover, clean up or dispose of product(s) and contaminated materials Removed all contaminated snow			
O Do you require assistance? <input checked="" type="radio"/> no <input type="radio"/> yes, describe:	P Possible hazards to persons, property, or environment Environment.		
Q Comments and/or recommendations Cleaned up all contaminated snow that was in spill area. The snow was then placed into 3 wooden sea-cans that were lined with poly (plastic) and covered. Contaminated snow was then transferred to a 11m ³ tank, the snow was melted into a liquid. The liquid from this tank will be placed into 4L-38 well bore which already has anti-freeze in it.			FOR SPILL LINE USE ONLY Lead Agency _____ Spill significance _____ Lead Agency contact and time _____ _____ _____ _____ _____ Is this file now closed?
Reported by Cal Fiche	Position, Employer, Location Well site supervisor, CPE, Mallick		Telephone (403) 204-1195
Reported to ED FERCHO	Position, Employer, Location President Canadian Petroleum Eng. Inc, Calgary		Telephone 403-263-0752



Taiga Environmental Laboratory
 4601-52nd Ave., Box 1500, Yellowknife, NT, X1A 2R3

Tel: (867)-669-2788
 Fax: (867)-669-2718

- CERTIFICATE OF ANALYSIS -

Prepared For: Michael Fabijan

Attr:

Sample ID: SNP 1769-1 #1

Taiga Sample ID: 220118

Client Project:

Sample Type: sewage

Received Date: 07-Jan-02

Location: Japex Camp

Sampling Date: 06-Jan-02

Report Status: Preliminary

Approved by: _____

Test Parameter	Result	Units	Detection Limit	Analysis Date
Physicals				
Chlorine, Residual	< 0.01	mg/L	0.01	08-Jan-02
Chlorine, Total	< 0.01	mg/L	0.01	08-Jan-02
pH	7.56	pH units	0.05	10-Jan-02
Solids, Total Suspended	88	mg/L		
Nutrients				
Ammonia as N	28.5	mg/L	0.005	15-Jan-02
Biological Oxygen Demand	39	mg/L	2	08-Jan-02
Phosphorous, Total		mg/L		
Microbiology				
Coliforms, Fecal	< 10	CFU/100mL	10	08-Jan-02
Organic				
Oil and Grease	9.9	mg/L	0.2	10-Jan-02



Taiga Environmental Laboratory
 4501-52nd Ave., Box 1500, Yellowknife, NT. X1A 2R3

Tel: (867)-669-2788
 Fax: (867)-669-2718

- CERTIFICATE OF ANALYSIS -

Prepared For: Michael Fabijan

Attn:

Sample ID: SNP 1769-1 #2

Taiga Sample ID: 220119

Client Project:

Sample Type: sewage

Received Date: 07-Jan-02

Location: Japex Camp

Sampling Date: 06-Jan-02

Report Status: Preliminary

Approved by: _____

Test Parameter	Result	Units	Detection Limit	Analysis Date
Physicals				
Chlorine, Residual	<0.01	mg/L	0.01	08-Jan-02
Chlorine, Total	<0.01	mg/L	0.01	08-Jan-02
pH	7.50	pH units	0.05	10-Jan-02
Solids, Total Suspended ✓	37	mg/L		
Nutrients				
Ammonia as N	30.4	mg/L	0.005	15-Jan-02
Biological Oxygen Demand	41	mg/L	2	08-Jan-02
Phosphorous, Total		mg/L		
Microbiology				
Coliforms, Fecal ✓	<10	CFU/100mL	10	08-Jan-02
Organic				
Oil and Grease	3.0	mg/L	0.2	10-Jan-02



Taiga Environmental Laboratory
 4601-52nd Ave., Box 1500, Yellowknife, NT. X1A 2R3

Tel: (867)-669-2788
 Fax: (867)-669-2718

- CERTIFICATE OF ANALYSIS -

Prepared For: Michael Fabbjan

Attr:

Sample ID: SNP 1769-2 #1

Taiga Sample ID: 220120

Client Project:

Sample Type: drilling mud

Received Date: 07-Jan-02

Location: Japex Camp

Sampling Date: 06-Jan-02

Report Status: Preliminary

Approved by: _____

Test Parameter	Result	Units	Detection Limit	Analysis Date
<u>Physicals</u>				
Chlorine, Residual	<0.01	mg/L	0.01	08-Jan-02
Chlorine, Total	<0.01	mg/L	0.01	08-Jan-02
<u>Major Ions</u>				
Calcium		mg/L		
Chloride		mg/L		
Potassium		mg/L		
Sodium		mg/L		
Sulphate		mg/L		
Sulphide	<0.05	mg/L	0.05	08-Jan-02



Taiga Environmental Laboratory
 4601-52nd Ave., Box 1500, Yellowknife, NT. X1A 2R3

Tel: (867)-669-2788
 Fax: (867)-669-2718

- CERTIFICATE OF ANALYSIS -

Prepared For: Michael Fabijan

Attr:

Sample ID: SNP 1769-2 #2

Taiga Sample ID: 220121

Client Project:

Sample Type: drilling mud

Received Date: 07-Jan-02

Location: Japex Camp

Sampling Date: 06-Jan-02

Report Status: Preliminary

Approved by: _____

Test Parameter	Result	Units	Detection Limit	Analysis Date
Physicals				
Chlorine, Residual	<0.01	mg/L	0.01	08-Jan-02
Chlorine, Total	<0.01	mg/L	0.01	08-Jan-02
Major Ions				
Calcium		mg/L		
Chloride		mg/L		
Potassium		mg/L		
Sodium		mg/L		
Sulphate		mg/L		
Sulphide	<0.05	mg/L	0.05	08-Jan-02

INDUSTRIAL WATER USE INSPECTION REPORT

(OIL AND GAS EXPLORATION, PRODUCTION, PROCESSING AND REFINING)

DATE:	JANUARY 7, 2002.	COMPANY REF:	HIDEAKI TAKAHASHI / ED PERCO
LICENSEE:	JAPEX CANADA LIMITED MALIK 3L-38.	LICENCE NUMBER:	N7L1-1769.

WATER SUPPLY:

Source:	CHANNEL JUST EAST OF WELLSITE	Quantity Used:	REFER TO RECORDS.
Meter Rtg:	BY TRUCKLOAD.		

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Intake Facilities <small>see violation</small>	U	Storage Structures	A	Treatment Systems	A	Recycling	N/A
Flow Meas. Device	A	Conveyance Lines	A	Pumping Stations	A	Modifications	N/A

Comments: THERE WAS NO SCREEN ON THE WATER INTAKE. M.D.I.O.S. AND EGT FROM TUK ARE THE WATER DELIVERY CONTRACTORS.

WASTE DISPOSAL:

Well Wastes:	Drilling Sump	A	Off-Site Removal	N/A	Downhole	N/A	Landspread	N/A
Sewage:	Sewage Treat.	A	Camp Sump	A	Natural Water Body	N/A	Wetlands Treat.	N/A
	Continuous	A	Inter. Discharge	N/A				
Solid Waste:	Open Dump	N/A	Landfill	N/A	Burn <small>INCINERATOR</small>	A	Sludge Disposal	N/A

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Discharge Quality	N/A	Conveyance Lines	N/A	Disch. Meas. Dev.	A	Freeboard	A
Decant Process	N/A	Sump Treatment	N/A	Dykes, Berms	A	Seepages	N/A
Sump Liners	N/A	Runoff Diversion	N/A	Erosion	N/A	Spills	NONE REPORTED.

Effluent Discharge Rate:	PUMP RATE.	SNP Samples Collected:	YES. LICENSEE HAS SAMPLED SNP #14-2.
--------------------------	------------	------------------------	--------------------------------------

Comments: THERE IS PRIMARY SEWING OF SEWAGE AND GREYWATER PRIOR TO ENTERING THE CAMP SUMP. NON-COMBUSTIBLES ARE TAKEN TO TUK SUDS. IT IS UNCERTAIN WHAT THE LICENSEE INTENDS TO DO WITH THEIR SLUDGE, THE LICENSEE WAS ASKED TO PROVIDE THIS INFORMATION.

GENERAL CONDITIONS:

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected


Maintenance	A	Records & Reporting	A	Surveillance Network Program (SNP)	A
Geotechnical Inspection	N/A	Posting of Facilities	N/A	Contingency Plan	UNDER REVIEW.
A & R Plan	N/A	Modifications	N/A	Fuel/Product Storage	A
Groundwater Discharge	N/A	Chemical Storage	A	Annual Report	DUE MARCH 31, 2002.

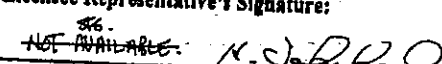
Comments: THE LICENSEE'S QA/QC PLAN IS DUE JANUARY 31, 2002. THE LICENSEE WAS ASKED TO INCLUDE ANY WATER LICENCE RELATED INFORMATION WITH THEIR DAILY REPORTING.

Violation(s) of Act and/or Licence: VIOLATION(S): PARTIC. ITEM 3: THERE WAS NO WATER INTAKE SCREEN.

General Comments: THE LICENSEE HAD JUST FINISHED DRILLING THE FIRST OBSERVATION WELL (1170 M.T.D.) AND IN THE PROCESS OF MOVING THE RIG TO THE 2ND OBSERVATION WELL AT THE TIME OF THIS INSPECTION. THE LICENSEE WAS REMINDED TO SUBMIT DATA WITHIN 30 DAYS OF MONTH REPORTING. THE LICENSEE REP AT TIME OF THIS INSPECTION WAS FRANK THE MEDIC.

Additional Comments Attached:	Yes	No	X
-------------------------------	-----	----	---

Inspector's Signature: 
 Licensee Representative's Title:

Inspector's Title: WATER RESOURCES OFFICER.
 Licensee Representative's Signature: 
 NOT AVAILABLE: N. J. R. O.

Manager, JAPEX



INDUSTRIAL WATER USE INSPECTION REPORT
(OIL AND GAS EXPLORATION, PRODUCTION, PROCESSING AND REFINING)

DATE:	FEBRUARY 21, 2002.	COMPANY REP:	FRED SEJENKO - DRILLING SUPERVISOR
LICENSER:	JAPEX CANADA LTD.	LICENCE NUMBER:	N7LI-1769

ITALIK 3L-38 WELESTES.

WATER SUPPLY:

Source:	CHEONG, SOUTHWEST OF WELESTES	Quantity Used:	REFER TO RECORDS.	Motor Rtg:	BY TRUCKLOAD.
---------	-------------------------------	----------------	-------------------	------------	---------------

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Intake Facilities	LI	Storage Structures	A	Treatment Systems	N/A	Revolving	N/A
Flow Meas. Device	A	Conveyance Lines	N/A	Pumping Stations	LI	Modifications	N/A

Comments: THERE WAS NO INTAKE SCREEN ON LICENSEE'S EAST WATER TRUCK, AGAIN. THE LICENSEE WANTS THAT THEIR WATER TRUCKS WILL BE PULLED OFF THEIR PROGRAM IF FOUND TO HAVE NO INTAKE SCREENS AGAIN. SEE VIOLATIONS BELOW.

WASTE DISPOSAL:

Well Waster:	Drilling Slurry	✓	Off-Site Removal	N/A	Dredgels	N/A	Landfilled	N/A
Sewage:	Sewage Treat.	✓	Camp Slurry	✓	Natural Water Body	N/A	Wetlands Treat.	N/A
	Continuous	N/A	Inter. Discharge	VENTED WATERWORK WOULD TO INHIBIT BEHAVE	WATERWORK	A	Sludge Disposal	N/I
Solid Waste:	Open Dump		Landfill		Open Dump	A		

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Discharge Quality	Intakes	Conveyance Lines	N/A	Disch. Meas. Dev.	A	Freeboard	LI
Decant Process	N/A	Pump Treatment	N/A	Dykes, Berms	A	Sewage	N/A
Sump Liners	N/A	Runoff Diversion	N/A	Erosion	N/A	Soils. Name Reported.	

Effluent Discharge Rate:	PUMP AND TRUCK.	SNP Samples Collected:	YES BY LICENSEE.
--------------------------	-----------------	------------------------	------------------

Comments: THERE IS PLANNED TREATMENT OF SEWAGE AND GRASSHOPPER PRIOR TO ENTERING CAMP SUMP. THE LICENSEE HAD LOST FREEBOARD AT BOTH THE CAMP AND DRILLING SUMP. THE LICENSEE WAS PUMPING DOWN THE CAMP SUMP BY VAC TRUCK AND TRYING TO INHIBIT AT TIME OF THIS INSPECTION. DRILL SUMP EXPANSION WAS COMPLETE. NO SECTION OF DRILL SUMP HAD LESS THAN 1M FREEBOARD.

GENERAL CONDITIONS:

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

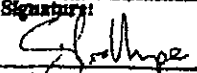
Maintenance	A	Records & Reporting	A	Surveillance Network Program (SNP)	A
Geotechnical Inspection	N/A	Posting of Facilities	N/A	Contingency Plan	UNDER REVIEW.
A & R Plan	N/A	Modifications	A	Fuel/Product Storage	A
Groundwater Discharge	N/A	Chemical Storage	A	Annual Report 2001 ANNUAL REPORT	

Comments: THE LICENSEE WAS REMINDED THAT THEIR SNP DATA FOR JANUARY 2002 IS DUE AT THE BOARD BY MARCH 2, 2002. THE INSPECTOR STILL HAS NOT SEEN ANY SNP DATA AT TIME OF THIS INSPECTION.

- Violation(s) of Act and/or Licence: VIOLATIONS 1. PART C, ITEM 3: THERE WAS NO WATER INTAKE SCREEN.
2. PART D, ITEM 6: THE DRILL SUMP HAD LESS THAN 1 METER FREEBOARD.
3. SNP, B.6: NO O&G PLAN SUBMITTED.

General Comments: THERE WERE 60 PEOPLE IN CAMP AT TIME OF THIS INSPECTION. THE LICENSEE WAS REMINDED TO DO A SUMP CONTENTS CHARACTERIZATION PRIOR TO SUMP ABANDONMENT. THESE RESULTS HAVE TO BE SUBMITTED TO AN INSPECTOR AT LEAST 5 (FIVE) DAYS PRIOR TO SUMP ABANDONMENT. SUMP ANALYSIS MUST INCLUDE A TOXICITY ASSESSMENT.

Additional Comments Attached:	Yes	No	X
-------------------------------	-----	----	---

Inspector's Signature: 
Licencee Representative's Title:

Inspector's Title:
WATER RESOURCES OFFICER
Licencee Representative's Signature:
NOT AVAILABLE.

HIDENAKI TAKAHASHI - JAPAX MANAGER.



Indian and Northern Affairs Indiennes
Affaires Canada et du Nord Canada

INDUSTRIAL WATER USE INSPECTION REPORT
(OIL AND GAS EXPLORATION, PRODUCTION, PROCESSING AND REFINING)

DATE:	MARCH 26, 2002	COMPANY REF:	BRIAN MOORE
LICENSEE:	JAPEX CANADA LTD.	LICENCE NUMBER:	N711-1769
MALLIK 3L-38 WELLSITES.			

WATER SUPPLY:

Source:	MACKENZIE RIVER	Quantity Used:	REFER TO RECORDS.	Water Rtg:	BY TRUCKLOAD.
---------	-----------------	----------------	-------------------	------------	---------------

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Intake Facilities	N/A	Storage Structures	N/A	Treatment Systems	N/A	Recycling	N/A
Flow Meas. Device	N/A	Conveyance Lines	N/A	Pumping Stations	N/A	Modifications	N/A

Comments: LICENSEE HAD DEPARTED FROM SITE. LICENSEE'S CONTRACTOR, EGT (SUNNORBERT), WAS ON SITE COVERING AND CAPPING DRILL SUMP. NO WATER USE AT TIME OF THIS INSPECTION.

WASTE DISPOSAL:

Well Wastes:	Drilling Sump	✓	Off-Site Removal	N/A	Downhole	N/A	Landspread	N/A
Jewels:	Sewage Treat.	N/A	Camp Sump	✓	Natural Water Body	N/A	Wetlands Treat.	N/A
	Continuous	N/A	Inter. Discharge	N/A				
Solid Waste:	Open Dump	N/A	Landfill	N/A	IN CATCHER BURN & BURIED	A	Sludge Disposal	N/A

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Discharge Quality	A	Conveyance Lines	N/A	Disch. Meas. Dev.	A	Freshboard	A
Decant Process	N/A	Sump Treatment		Dykes, Berms	N/A	Scrapes	N/A
Sump Liners	NATURAL	Runoff Diversion	N/A	Erosion	N/A	Spills	NONE REPORTED.

Effluent Discharge Rate:	N/A.	SNP Samples Collected:	YES - BY LICENSEE & INSPECTOR AT SNP 1769-2.
--------------------------	------	------------------------	---

Comments: DRILL SUMP AND CAMP SUMP WILL BE MONITORED FOR SLUMPING AND SEepage.
LICENSEE BURIED SOME SEWAGE AND GASTREAT IN CAMP SUMP. CAMP SUMP WAS CAPPED AT TIME OF THIS INSPECTION. ONE FUEL SUMP ON SITE FOR CAT CAPPING SUMP.

GENERAL CONDITIONS:

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Maintenance	N/A	Records & Reporting	U	Surveillance Network Program (SNP)	A
Geotechnical Inspection	N/A	Posting of Facilities	N/A	Contingency Plan	UNDER REVIEW.
A & R Plan	N/A	Modifications	A	Fuel/Product Storage	N/A
Groundwater Discharge	N/A	Chemical Storage	N/A	Annual Report 2001 ANNUAL REPORT, OGC MARCH 31, 2002.	

Comments: RIG, CAMP AND MATERIALS WERE ALL REMOVED FROM SITE. ONE O-A CAT WAS ON SITE - COVERING AND CAPPING THE DRILLING SUMP.

Violation(s) of Act and/or Licence: VIOLATIONS: 1. SNP PART C, ITEM 1: JANUARY AND FEBRUARY 2001 SNP DATA NOT SUBMITTED BY 02/28/02.

2. SNP PART B, ITEM 6: NO QA/QC PLAN SUBMITTED.

General Comments: THE LICENSEE WAS GIVEN WRITTEN APPROVAL BY THIS INSPECTOR MARCH 26, 2002 TO PROPERLY ABANDON THEIR DRILL SUMP. THE APPROVAL WAS BASED ON A ANALYTICAL REPORT SUBMITTED BY CANADIAN PETROLEUM ENGINEERING INC., DATED MARCH 25, 2002. THE LICENSEE WAS REMINDED THAT FOLLOW UP MONITORING WILL OCCUR IN JUNE AND/OR JULY OF THIS YEAR. THE LICENSEE IS ALSO REMINDED TO SUBMIT TO THE BOARD THEIR 2002 ANNUAL REPORT BEFORE MARCH 31, 2003.

Additional Comments Attached: Yes No

Inspector's Signature:

Inspector's Title:

WATER RESOURCES OFFICER



ENVIRONMENTAL INSPECTION REPORT

Permittee:	Japex Canada Ltd - 2100 Hanover Bldg., 101 - 6 th Ave. S.W., Calgary, AB, T2P 3P4
------------	--

	Permit Expiry Date	Last Previous Inspection
Land Use Permit No.	N2001A0016	Aug. 15, 2003
Quarrying Permit No.		June 22, 2002
Contractor:	Akita -Equitak Drilling	Subcontractor:

Location(s) Inspected:	Mallik Bay L-38 well site
------------------------	---------------------------

Current Stage of Operation:	Operation complete - clean up finished
-----------------------------	--

Program Modifications Approved:	
---------------------------------	--

Condition of Operation "A" - Acceptable "U" - Unacceptable "N/A" - Not Applicable "N/I" - Not Inspected

	Operating Condition	Aspect Inspected	
		L-38 site	Staging
A	Location as Permitted	A	A
B	Timing as Permitted	A	A
C	Equipment as Approved	N/A	N/A
D	Methods & Techniques	N/A	N/A
E	Facilities	N/A	N/A
F	Erosion	A	A
G	Chemicals, Waste	A	A
H	Wildlife and Fisheries Habitat	A	A
I	Ecological Resource	N/A	N/A
K	Fuel Storage	N/A	N/A
L	Brush Disposal	N/A	N/A
M	Matters Not Inconsistent	N/A	N/A
N	Water Engineering	A	N/A
O	Water Supply	N/A	N/A
P	Restoration	A	A
Q	Quarrying Methods	N/A	N/A
R	Sections 12 to 19 T.L.U.R.	A	A
S			
T			

Explanatory Remarks (attach page 2 if required)

Sites have been cleaned up appropriately and no issues with regard to the lease and staging areas cleanliness are identified. As identified in the previous Inspection Report of June 22, monitoring of the-drill sump will be required for the remainder of this season and through next summer. The permit will remain open for this purpose.

Inspector's Signature

100

1

Q

Q