



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

April 23, 2001

NWT Water Board
Ms. Vicki Losier
PO Box 1500
Inuvik, NT
Canada, X0E 0T0



COPY	
BOARD.	1
G.W.	1
E.A.	1
W. PER.	ORIG
FILE-NWT-1-	1769

Dear Ms. Losier:

Re: Mallik 3L-38 Gas Hydrate Research Well for 2001/2002

On behalf of Japex Canada Limited, we have enclosed an Application For a Water License and a Water Use Questionnaire for the 2001/2002 Mallik 3L-38 Gas Hydrate Research Project.

We have already submitted the project to the Environmental Impact Screening Committee for review.

We concurrently filed an Application for Land Use. We will soon apply for a Wildlife Permit that will enable us to temporarily stage some equipment at Taglu, within the Kendall Island Bird Sanctuary. We will be proceeding with our Application to Drill a Well for the National Energy Board shortly.

We trust that the attached Application For a Water License in order. Please let us know if you have any questions or concerns.

Best regards,

Doug Bradley,
Vice-president

Report/Plan in
document holder

SCHEDULE III
(Subsection 6(1))

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE

APPLICATION/LICENCE NO:
(amendment or renewal only)

1. NAME AND MAILING ADDRESS OF

Japex Canada Limited,
#2100, 101 - 6th Avenue SW
Calgary, AB, Canada, T2P 2P4
Agent: Canadian Petroleum Engineering Inc.
TELEPHONE: (403) 263-0752 FAX: (403) 233-0859

2. ADDRESS OF HEAD OFFICE IN CANADA IF INCORPORATED

TELEPHONE: _____ FAX: _____

3. LOCATION OF UNDERTAKING (describe and attach a map, indicating watercourses and location of any proposed waste deposits)

Latitude N69°27'41"

Longitude W134°39'30

4. DESCRIPTION OF UNDERTAKING (describe and attach plans)

The project will drill three 1200 metre wells, 50 metres apart. Tests will be conducted to study the productivity of gas hydrates. Please refer to pages 1 and 5 through 9 of the attached Project Description.

5. TYPE OF UNDERTAKING

- | | | | | | |
|-----------------------|-----|----------------|-----|-----------------|-----|
| 1. Industrial | ___ | 4. Power | ___ | 6. Conservation | ___ |
| 2. Mining and milling | ___ | 5. Agriculture | ___ | 7. Recreation | ___ |
| 3. Municipal | ___ | | | | |

8. Miscellaneous (describe) Gas hydrate production research.

6. WATER USE

- | | | | |
|--|----------|---------------------------------------|-----|
| To obtain water | <u>X</u> | Flood control | ___ |
| To cross a watercourse | ___ | To divert water | ___ |
| To modify the bed or bank of a watercourse | ___ | To alter the flow of, or store, water | ___ |

Other (describe) _____

7. QUANTITY OF WATER INVOLVED (litres per second, litres per day or cubic metres per year, including both quantity to be used and quantity to be returned to source)

Average approximately 60 m³ per day. No more than 100 m³ will be pumped on any one day

SCHEDULE III—Concluded

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE—Concluded

8. WASTE DEPOSITED (quantity, quality, treatment and disposal)

Only non-oily, approved well cuttings and treated sewage will be buried in sumps. Combustible wastes will be burned in a smokeless incinerator. All other wastes will be trucked to Inuvik for disposal.

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach list if necessary)

No other persons or properties will be affected by this undertaking.

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION

Because of the season in which operations are carried out and because of mitigation measures, environmental impact will be minimal. Mitigation efforts are described on pages 5 through 8, and 22 of the attached project description.

11. CONTRACTOR AND SUB-CONTRACTORS (names, addresses and functions)

Canadian Petroleum Engineering Inc.
1700, 407 2nd Street SW
Calgary, AB, Canada, T2P 2Y3

Contractors are currently being selected.

12. STUDIES UNDERTAKEN TO DATE (attach list if necessary)

The drilling location is the site of two previously drilled wells: Mallik L-38 and Mallik 2L-38. The site has passed all subsequent environmental inspections. Please refer to the attached closure for water license N3L1-1702.

13. PROPOSED TIME SCHEDULE

Start date December 1, 2001

Completion date April 30, 2002

Tosh. Hirata
NAME (Print)

Vice President, Operations
TITLE (Print)

Tosh. Hirata
SIGNATURE

April 23, 2001
DATE

FOR OFFICE USE ONLY

APPLICATION FEE Amount: \$ 30.00

Receipt No.: C105102

WATER USE DEPOSIT Amount: \$

Receipt No.: _____