BDS Consulting
Box 963
Virden MB R0M 2C0
P: (204)851-5822

Manitoba Petroleum Branch
Box 1359 – 227 King Street
Virden, MB R0M 2C0
Attention: Jennifer Abel

July 22, 2011

Re: Black Gold Energy Ltd 02-27-08-28W1 Battery Application

Enclosed, please find the required documentation as per Section 75(1) of the Drilling and Production Regulations.

If you have any questions or concerns regarding this application please contact Bruce Dunning (204)851-5822 or bdunning@mts.net .

1. Application Fee and Levy
A cheque in the amount of $1000.00 payable to the Minister of Finance will be submitted under separate cover.

2. Performance Deposit
As per Paulette Seymour no additional performance deposit is required to obtain this battery operating permit.

3. Survey Plan
A digital copy of the survey plan of the battery location is attached.

4. Landowners and Occupants
A list of landowners and occupants within 1.5km of the proposed battery location, a radius map and a sample consultation letter are attached. A summary of the consultations will be submitted upon completion.

5. Wells to be Tied in
The following wells will be tied-in to the proposed battery at 02-27-08-28W1:

- **15-22-08-28**
- **02-27-08-28**
- **16-27-08-28**

6. Anticipated Production Rates
The anticipated flow rates entering the 02-27-08-28 battery are:
Oil: 3.0 m3/d
Water:7.0 m3/d

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Gas: 21 m3/d All gas will be vented.

7. Gas Analysis
Due to low gas volume at these wells, Black Gold is proposing to use the same gas criteria as was used in support of their 12-33-08-28 battery application (copy on file with Petroleum Branch). GOR – 3 and H2S - 0.003%.

8. Process Vessels
There will not be any process vessels used at this battery. The battery will consist of an inlet header and production tanks.

9. Well Testing
Each well will be tested via test tank.

10. Flare and Vapour Recovery
There will be no flare or vapour recovery system at the battery.

11. Venting
All gas produced to the site will be vented directly from the 6m high emulsion tank vents.

12. Air Dispersion Modeling
Air dispersion modeling results have been included. The H2S concentration has been increased by 100 fold so that the Screen 3 modeling software can produce an output. At the production rate of 3 m3/d with a GOR of 3 m3/m3, an H2S concentration of 0.3% and a stack height of 6m, the maximum 1 hour concentration of H2S is 1.899µg/m3 at 52m. This meets the guidelines for H2S emissions.

13. Plot Plan/Flow Diagram
A digital copy of the plot/flow schematic is attached.

14. Water Disposal
The produced water will be trucked to 12-33-08-28 Battery for disposal.