



**MINISTER OF
INNOVATION, ENERGY AND MINES**

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

THE OIL AND GAS ACT

GAS PLANT CONSTRUCTION AND OPERATION PERMIT NO. 2012-11

**PENN WEST 11-30-1-25 WPM GAS PLANT
PENN WEST EXPLORATION**

WHEREAS, Penn West Exploration ("Penn West") made application under Section 113 of The Oil and Gas Act ("the Act") for authorization to construct and operate a gas plant at 11-30-1-25 WPM.

AND WHEREAS, notice of the application was published by Manitoba Innovation, Energy and Mines and Penn West contacted all landowners and other parties, within a 1.5 km radius of the project, who may be affected by the application;

AND WHEREAS, the Minister has considered representations and recommendations received as a result of notice of the application and is satisfied the application complies with the Act and that construction of the gas plant is consistent with the principles of sustainable development;

AND WHEREAS, Subsection 113(4) of the Act provides as follows:

113(4) The minister may, in accordance with the regulations, issue a gas plant permit for the construction and operation of a gas plant on such terms and conditions as the minister considers necessary or advisable.

THEREFORE, the Minister approves the construction and operation of the gas plant in accordance with the following terms and conditions:

1. The permittee shall construct and operate the gas plant in accordance with the most recent version of CSA Standard Z276-07- Liquefied Natural Gas (LNG) - Production, Storage, and Handling and CSA Standard Z662- Oil and Gas Pipelines Systems, other applicable standards and the specifications, drawings and other information and data set forth in its application including the operation procedures

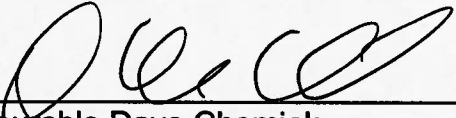
contained within the Penn West 11-30-1-25 WPM Gas Plant Operating and Maintenance Manual, all as amended from time to time.

2. The permittee shall not make modifications to the gas plant without written approval from the Director.
 - a. Once approved by the Director, and once completed, all modifications will require a revision and resubmission of the amended as-built drawings of the gas plant to the District office; and
 - b. 1 paper copy and 1 digital copy of the as-built drawings shall be submitted.
3. The permittee is to notify the Waskada District Office of the Petroleum Branch ("District Office"):
 - a. Not less than 7 days prior to commencing construction; and
 - b. Immediately in the event of an accident.
4. The permittee shall not commence operation of the gas plant until the facility has been fully inspected by an inspector from the District Office and the Director grants final approval to operate.
 - a. The permittee should provide a minimum of 2 days notice to arrange for final inspection of gas plant; and
 - b. The permittee shall address all issues of non-compliance prior to start of operation.
5. The concentration of hydrogen sulphide and sulphur dioxide, beyond the gas plant site, resulting from gas plant emissions must not exceed the Manitoba Ambient Air Quality Objectives and Guidelines set out in Schedule G of the Drilling and Production Regulation.
6. The permittee shall limit sound emissions from all sources at the gas plant to meet the numerical sound level limits outlined in the province's Guidelines for Sound Pollution, as amended from time to time.
7. The permittee shall provide the District Office, as soon as practicable, with 1 paper copy and 1 digital copy of the as-built drawings for the complete facility.
8. The permittee shall provide the Director with an annual report on gas plant operations. The annual gas plant report shall include details of:
 - a. Total volumes of gas and condensate transported or sold each month;
 - b. Volume of gas directed to flare;
 - c. any major modifications, maintenance or repairs; and
 - d. any other information requested by the Director.

Each annual report shall be filed with the Director of the Petroleum Branch no later than sixty (60) days after the end of each calendar year.

9. Wells producing to the gas plant are to be production tested at least quarterly.
10. A copy of this permit must be posted at the gas plant.
11. The Minister may amend the terms and conditions of this permit, as the Minister considers necessary or advisable to meeting changing conditions.
12. This permit shall continue until revoked by the Minister.

Dated this 21 day of September 2012.



Honourable Dave Chomiak
Minister Innovation, Energy and Mines