

File: 92100-35-BED-2173268

December 21, 2011

Dr. Peter Hill
Triangle Petroleum Corporation
1660 Wynkoop Street, Unit 900
Denver, Colorado, USA
80202

Dear Dr. Hill:

Re: Approval 2008-064245-R01 and 2008-064246-R01 & Directive issued pursuant to Environment Act - Act - KC-1 and KC-2 Sites, Kennetcook area, Hants County, Nova Scotia

This letter is further to my email to you December 2, 2011 asking Elmworth Energy Corp. to temporarily suspend brine water haulage and disposal from the above approved locations. The Department has since reviewed this issue and results of the water quality and NORM analysis. As a result of the exceedences Health Canada limits for NORM present in the brine water, we provide the following comments and direction.

Options for further handling of this wastewater include:

1. Tankage and shipment of this wastewater out-of-province; or
2. Treatment of this wastewater at a facility in Nova Scotia that is capable of treating/removing the contaminants of concern within the wastewater to meet the appropriate standard such as Health Canada Guidelines (for NORMs); or
3. Mobile Treatment facility- as proposed by Dillon in an earlier report to NSE, that is capable of treating/removing the contaminants of concern within the wastewater to meet the appropriate standard such as Health Canada Guidelines (for NORMs).

To expedite the emptying of KC-1 and to not waste efforts made to date by allowing the ponds to refill with precipitation, NSE recommends immediate emptying of KC-1 into temporary tankage, and storing it at a secure location, so that this site can be fully decommissioned before freeze up conditions.

A comprehensive plan for disposal and discharge of the wastewater shall be submitted to the Department, and is to also address the wastewater that has already been disposed at the AIS facility in Debert. This plan shall include, but not be limited to, details of the treatment/disposal

methodology chosen as well as proposals for disposal of any solid and liquid wastes generated as a result of employing Options 2 or 3 above. This plan for decommissioning and reclamation of the KC-1 pond site shall be prepared by a professional engineer licensed to practice in Nova Scotia. ~~This individual will be competent in the area of disposal of naturally occurring radioactive materials.~~ This plan must also include but not be limited to details on how the liner will be disposed of, as well as handling and possible treatment of surface and subsurface soils that may be potentially impacted due to liner failure. This Plan shall be submitted to NSE by January 16, 2012.

In regards to site KC-2, NSE requires Elmworth Energy Corp. to also provide a plan for the disposal of this wastewater, and full site decommissioning including liner disposal and soil treatment, if impacted. With consideration to the options outlined above, NSE asks that we be notified of what option Elmworth will be employing by December 27, 2011 for site KC-2.

In regards to your Application for Amendment, this has been received and is currently under review and if further information is required, we will notify you.

Should you have any questions, please contact us at any time.

Yours truly,



Derek J. DeGrass
Compliance and Inspection Coordinator

cc: Christine Penney, Regional Director
Steve Westhaver, District Manager
Paula Putnam, Acting District Manager, Truro
Melanie Haggart, Regional Hydrogeologist
Kathleen Johnson, Regional Engineer, Pictou
Tad Czarnik, Regional Engineer
Andrew Teal, Inspector Specialist III