



February 12, 2009

1350-2600/4100-59070-20

Dave Pellegrin, P.Eng.
Sr. Exploitation Engineer
Advantage Oil & Gas Ltd.
3100, 150 – 6 Avenue SW
Calgary AB T2P 3Y7

Dear Mr. Pellegrin:

**RE: COMMINGLED PRODUCTION APPROVAL
ADVANTAGE ET AL BLACK c-082-J/094-H-05; WA# 22069**

The Commission has reviewed your application dated January 28, 2009 for approval to commingle gas production from the Bluesky and Baldonnel zones encountered in the subject well.

The Commission has designated the gas pools under application to be the Black Creek – Bluesky “E” and Baldonnel “A”. The Bluesky “E” pool has been delineated by three gas wells; all three wells are capable of production. The Baldonnel “A” is a multi-well gas pool with a small oil leg. A concurrent production scheme approval has been granted to allow oil and gas production.

The well was completed in the subject zones in February 2007 and commenced segregated production in April, 2007. The Bluesky had an initial peak rate of $66.0 \times 10^3 \text{m}^3/\text{d}$ and is currently producing at $8.0 \times 10^3 \text{m}^3/\text{d}$ due to liquid loading. The Baldonnel had an initial peak rate of $77.0 \times 10^3 \text{m}^3/\text{d}$ and is currently producing at $34.0 \times 10^3 \text{m}^3/\text{d}$. Both zones have similar gas compositions and reservoir pressures. Commingled production through a single tubing string is expected to reduce liquid loading and thereby maximize production and reserve recovery.

We wish to advise you that your application to commingle production from these zones is hereby granted approval, under the authority of section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Bluesky (1180.0 - 1182.0 mKB) and Baldonnel (1199.5 – 1208.5 mKB) may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Finance BC S-1, BC S-2 and BC 08 forms on the basis of Bluesky 20% and Baldonnel 80%. The allocation factors may be amended to reflect results of any future tests.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

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