



May 30, 2008

1350-2600/4610-59070-20

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

Dear Mr. Pellegrin:

**RE: APPROVAL FOR COMMINGLED PRODUCTION
ADVANTAGE BLACK B-14-B/94-H-12; WA# 23368**

The Commission has reviewed your application dated March 6, 2008 for approval to commingle gas production from the Bluesky and Charlie Lake 'A' Marker zones encountered in the subject well.

The Commission has designated the gas pools under application to be the Black Creek – Bluesky "F" and 'A' Marker/Base of Lime "B". Both zones have been mapped as single well gas pools and were fracture stimulated followed by test production. The Bluesky zone tested at $25.8 \times 10^3 \text{ m}^3/\text{d}$ whereas the 'A' Marker/Base of Lime zone tested at $15.5 \times 10^3 \text{ m}^3/\text{d}$. The final tubing string was run in February 2008 with the 'A' Marker/Base of Lime producing up the tubing and the Bluesky up the tubing/casing annulus. The 'A' Marker/Base of Lime flowed intermittently showing signs of liquid loading and has recently been shut-in. The Bluesky is now producing up the tubing at rates of $15.0 \times 10^3 \text{ m}^3/\text{d}$. Commingled production through the tubing is expected to increase production and maximize reserves recovery from both pools.

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 (1174.0 - 1175.0 mKB) and 'A' Marker/Base of Lime (1266.0 – 1268.0 mKB) may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC-08, BC S-1 and BC S-2 forms on the basis of Bluesky 60 % and 'A' Marker/Base of Lime 40 %. 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.

Sincerely,

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

RESOURCE CONSERVATION

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