

February 19, 2009

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: COMMINGLED PRODUCTION APPROVAL  
ADVANTAGE CONROY b-026-G/094-H-12; WA# 20513**

The Commission has reviewed your application dated February 4, 2009 for approval to commingle gas production from the Bluesky and A Marker zones encountered in the subject well.

The Commission has designated the gas pools under application to be the Black Creek – Bluesky “B” and A Marker “A”. The Bluesky “B” pool contains multiple wells and the A Marker “A” is a single well pool.

The well was completed in the subject zones in January 2007 and commenced segregated production in February/March, 2007. The Bluesky and A Marker tested at gas rates of 37.7 10<sup>3</sup>m<sup>3</sup>/d and 14.3 10<sup>3</sup>m<sup>3</sup>/d, respectively and had peak initial rates of 36.0 10<sup>3</sup>m<sup>3</sup>/d and 22.0 10<sup>3</sup>m<sup>3</sup>/d, respectively. Production from both zones has been hindered from liquid loading and the zones are both currently producing at 4.0 10<sup>3</sup>m<sup>3</sup>/d. Both zones have similar reservoir pressures and contain small amounts of H<sub>2</sub>S (Bluesky – 400 ppm; Yellow Marker – 2400 ppm). 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 (984.0 – 986.0 mKB) and A Marker (1027.0 – 1028.0 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:

	<u>Bluesky</u>	<u>A Marker</u>
Gas	70%	30%
Condensate	75%	25%
Water	45%	55%

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**RESOURCE CONSERVATION**

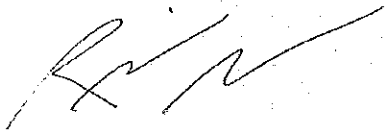
PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301  
 Location: 6<sup>th</sup> Flr 1810 Blanshard St. Victoria BC

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,

A handwritten signature in black ink, appearing to read 'R. Slocomb', written over a faint horizontal line.

Richard Slocomb, P. Eng.  
Supervisor, Reservoir Engineering