



February 7, 2011

6480-2515/2800/2850-59070-20

Lance Hofer, P.Eng.  
North BU  
Apache Canada Ltd.  
700 – 9th Avenue SW  
Calgary AB T2P 3V4

Dear Mr. Hofer:

**RE: COMMINGLED PRODUCTION SPECIAL PROJECT  
BP DEVON OJAY b-087-G/093-I-9; WA # 25062**

The OGC has reviewed your application dated October 12, 2010 requesting approval to commingle gas production from the Falher C, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Falher C “G”, Cadomin “B” and Nikanassin “B” gas pools.

All subject zones were completed in October 2009. The Cadomin and Nikanassin zones commenced commingled production in October 2009 and produced at a peak daily rate of 146 10<sup>3</sup>m<sup>3</sup>/d in November 2009 before declining rapidly to a current rate of 58 10<sup>3</sup>m<sup>3</sup>/d. The Falher commenced production through the well annulus in February 2010 at a gas rate of 60 10<sup>3</sup>m<sup>3</sup>/d and has since declined to a rate of 20 10<sup>3</sup>m<sup>3</sup>/d. All the zones contain sweet gas. We concur that commingling the Falher C with the Cadomin and Nikanassin zones will assist with lifting liquids and result in increased reserves recovery.

Attached please find Order 11-20-001 designating an area in the Ojay field within the subject formations a Special Project under section 75 of the *Oil and Gas Activities Act* for Commingled Production. Please note that commingled production operations will be subject to periodic review and the Commission may modify the Order, if deemed appropriate.

Should you have any questions, please contact Richard Slocomb at (250) 419-4421 or Kelly Okuszko at (250) 419-4433.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alex Ferguson', is written over a light blue grid background.

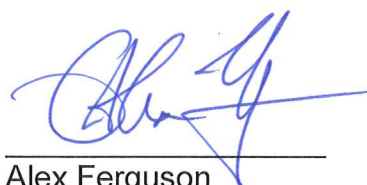
Alex Ferguson  
Commissioner  
Oil and Gas Commission

Attachment

IN THE MATTER of an application from BP Canada Energy Company to the Oil and Gas Commission (Commission) dated October 12, 2010 for Commingled production approval.

**ORDER 11-20-001**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Ojay field – Falher C “G”, Cadomin “B” and Nikanassin “B” pools are designated as a special project for the enhanced recovery of natural gas by commingling production within the following area;  
  
NTS 093-I-09 Block G – units 78, 79, 88, 89
- 2 Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:
  - a) Production from the Falher C (2660.7 – 2676.2 mKB), Cadomin (3037.7 – 3040.2 mKB and Nikanassin (3089.0 – 3356.0 mKB) zones may be commingled through the well BP DEVON OJAY b-087-G/093-I-9 (WA # 25062).
  - b) Gas, condensate and water production from the commingled well must be allocated on the Ministry of Finance BC-S1, BC-S2 and BC-08 forms to the deepest (measured depth) active well event (unique well identifier). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission allocates commingled gas and condensate production on the basis of Falher C 26%, Cadomin 2% and Nikanassin 72% and commingled water production on the basis of Falher C 22%, Cadomin 17% and Nikanassin 61 %.



Alex Ferguson  
Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 7 day of February 2011.