



May 28, 2008

7250-2400/2600/2700-59070-20

Kathleen Storey
Regulatory Applications
Apache Canada Ltd.
1000, 700 – 9th Ave S.W.
Calgary AB T2P 3V4

Dear Ms. Storey:

**RE: COMMINGLED PRODUCTION APPROVAL
APACHE PICKELL d-41-J/94-H-3; WA# 22597**

Commission staff have reviewed the application dated May 16, 2008, following an interim approval dated March 15, 2007, to commingle gas production from the Notikewin, Bluesky and Gething formations in the subject well.

This well has been mapped within the large Pickell field Notikewin “A” pool, approved for reduced well spacing under multiple Good Engineering Practice approvals in this area. The Bluesky “D” is produced from two wells, apparently highly depleted based on data from the other well, d-44-J/94-H-3. The Gething “R” is mapped as a single well pool, containing modest reserves. The Notikewin has produced in a segregated state since April 2007, recent average rate of 2.5 e³m³/d. A flow test of the combined Bluesky/Gething (likely in communication through fracture stimulation) indicated a marginal rate of 2.0 e³m³/d. The conditions of the interim approval, initial reservoir pressure and AOF reports, were not fulfilled due to operation issues. Several wells in this area have been approved to commingle these formations. Commingled production is expected to maximize gas recovery from these zones, specifically with regard to the issue of liquid loading.

Commingled production 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 Notikewin (862.0 – 890.0 mKB), Bluesky (1057.0 – 1059.0 mKB) and Gething (1081.0 – 1082.0 mKB) may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1, BC S-2 and BC S-8 forms on the basis of Notikewin 70 %, Bluesky 20% and Gething 10 %.
3. Exemptions from the requirements for individual pool initial reservoir pressure and well deliverability (AOF) tests are hereby granted under sections 84(2) and 95(7) of the *Regulation*.
4. 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) 952-0310.

Sincerely,

Ron Stefik, AScT
Sr Reservoir Engineering Technologist

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291
Location: 6th Fir 1810 Blanshard St. Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca