



June 23, 2006

2920-4100/4540-59070-20

David Mitchell, P.Eng.
Senior Exploitation Engineer
Baytex Energy Ltd.
2200, 205 – 5th Avenue S.W.
CALGARY AB, T2P 2V7

Dear Mr. Mitchell:

RE: APPLICATION FOR COMMINGLED PRODUCTION
Baytex Cache 6-22-88-22 W6M; WA# 3367

Commission staff have reviewed your application dated June 14, 2006, requesting permission to commingle gas production from the Cache Creek field Baldonnel "A" and Coplin "A" pools in the subject well bore.

Both pools are produced from multiple wells, with significant production history. The well 6-22 has produced 3.2 Bcf from the Baldonnel and 5.8 Bcf from the Coplin, but is now producing at marginal rates of 3.0 e³m³/d and 0.6 e³m³/d respectively, impacted by liquid loading. These zones are estimated to be at similar current reservoir pressures and contain slightly sour gas compositions. We concur that commingled production through the tubing may increase gas rates by unloading liquids present in the wellbore, thereby maximizing reserves 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 Baldonnel (1226.5 – 1238.1 mKB) and Coplin (1376.7 – 1379.2 mKB) formations may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Baldonnel 80 % and Coplin 20 %. 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) 952-0310.

Sincerely,

Ron Stefik, ASCT
Sr Reservoir Engineering Technologist

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