



November 11, 2006

6480-2200/2515/2800/2850-59070-20

Paul V. Pedersen
Exploitation engineer
BG Canada Exploration and Production Inc.
Suite 700, 150-6th Avenue S.W.
CALGARY, AB T2P 3Y7

Dear Mr. Pedersen:

**RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL
BG Canada Ojay d-72-D/93-I-16; WA# 14164**

This letter represents formal approval for commingled gas production from the Cadotte, Falher C, Cadomin, and Nikanassin formations following verbal approval on September 20, 2006. For reporting purposes, this date will be used as the effective date of approval.

The Commission has designated the gas pools under application to be the Ojay – Cadotte “E”, Falher C “C”, Cadomin “A” and Nikanassin “A” pools. The Falher C and Cadotte zones are part of depleted multi well pools which are currently producing below critical lift rates. An approval to commingle the Cadomin and Nikanassin zones was previously issued by the Commission (March 8, 2002) and as such these two zones are presently commingled and producing through the tubing. The Falher C zone is producing segregated up the casing/tubing annulus. The Cadotte was recently completed and tested at very low rates, less than 8.0×10^3 m³/d. Commingled production through the tubing can more readily lift produced water which will extend the economic life of this well. Therefore commingled production of the Cadotte, Falher C and Cadomin/Nikanassin is expected to maximize production and reserve recovery from all four zones. All four zones are sweet gas.

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 Cadotte (2281.0 – 2290.0 mKB), Falher C (2498.0 – 2505.0 mKB), Cadomin (3152.0-3159.0 mKB) and Nikanassin (3255.0 – 3536.0 mKB) formations may be commingled.
2. Gas, water and condensate production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Cadotte 2 %, Falher C 5%, Cadomin 28% and Nikanassin 65 %.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Please note that the production allocation between the Cadomin and Nikanassin is based on previously approved factors.

Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,

Richard Slocomb, P. Eng.
Supervising Reservoir Engineer

RESOURCE CONSERVATION BRANCH

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