



April 13, 2005

5170-2200/2505/2510-59070-20
OGC - 05125

Greg Barham
Deep Basin Engineering
Burlington Resources Canada Ltd.
2100 Bow Valley Square IV,
250 - 6th Avenue SW
CALGARY AB, T2P 3H7

Dear Mr Barham:

**RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL
BRC HTR et al Kelly c-66-B/093-P-01; WA# 14643**

The OGC has reviewed your application dated March 10, 2005, for approval to commingle gas production from the Cadotte, Falher A and Falher B formations in the subject well.

The Commission has designated the gas pools under application to be the Kelly - Cadotte "K", Falher A "B" and Falher B "A". The Cadotte in the subject well is mapped as part of a three well pool and has never been on production but was tested at 7.8 10³ m³/d. The Falher A is part of a multi-well pool and also has never been on production, but tested at 8.0 10³ m³/d. The Falher B in the subject well is part of a very large multi-well pool and has been on production since July 2002 and is currently producing at 12.7 10³ m³/d. Segregated production is not possible as the Cadotte cannot produce above the critical lift rate for annular flow and the Falher A is between packers and can only be produced up the tubing. All three zones are sweet gas with the Cadotte and Falher A at higher relative pressures than the depleted Falher B. However, Burlington has installed two sliding sleeves to enable segregation of all three zones for the duration of any extended shut-in period, mitigating concerns regarding the potential for cross-flow. Commingled production is expected to maximize production and recovery from these three zones.

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 (2326.0 - 2331.0 mKB), Falher A (2449.0-2453.0 mKB) and Falher B (2483.0 - 2487.0 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 35 %, Falher A 20% and Falher B 45 %. The allocation factors may be amended to reflect results of any future tests.

**Approval Letters to Industry
COMMINGLED PRODUCTION**

Copy 8

...2

Wellfile (originals)
59070-20
Daily
Resource Revenue
R. Stefik
G. Farr
R Slocomb
D. Krezanoski

PO Box 9329 Stn

Headquarters: #200,

REGIONAL OFFICE

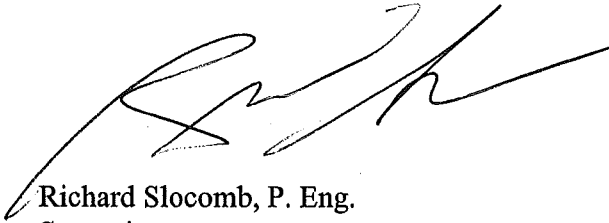
Tel: (250) 952-0302 Fax: (250) 952-0301
1000 St. Victoria BC

6M7 Tel: (250) 261-5700 Fax: (250) 261-5744
c.ca

3. A current reservoir pressure is obtained from the Falher B zone.
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) 952-0366.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Slocomb', written in a cursive style.

Richard Slocomb, P. Eng.
Supervisor
Reservoir Engineering