OIL AND GAS COMMISSION

April 13, 2005

Approval Letters to Industry
COMMINGLED PRODUCTION
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OGC – 05124

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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 b-64-B/093-P-01; WA# 15878

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

The Commission has designated the gas pools under application to be the Kelly – Cadotte "K" and Falher B "A". The Cadotte in the subject well is mapped as part of a three well pool and has been on production since January 2005 and is currently producing up the tubing at 19.9 10^3 m^3/d. The Falher B in the subject well is part of a very large multi-well pool and is currently suspended due to low productivity (last produced at 4.0 10^3 m^3/d). Segregated production is not possible as the Cadotte does not produce above the critical lift rate for annular flow. Both zones are sweet gas with the Cadotte at a higher relative pressure than the depleted Falher B. However, Burlington has installed a sliding sleeve to enable segregation 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 two 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 (2331.0 – 2334.0 mKB) and Falher B (2480.0 – 2484.0 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 75 % and Falher B 25 %. The allocation factors may be amended to reflect results of any future tests.
3. A current reservoir pressure is obtained from the Falher B zone.

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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,

Richard Slocomb, P. Eng.
Supervisor
Reservoir Engineering