



November 26, 2001

5858-2600/4800-59070-20
OGC-01227

Bill Montgomery
Calpine Canada Resources Ltd.
1800, 421 - Seventh Ave SW
Calgary AB T2P 2K9

Dear Mr. Montgomery:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
CALPINE MERCURY b-54-A/94-H-11; WA# 11643**

The Commission has reviewed your application dated August 25, 1999, requesting permission to commingle gas production from the Bluesky and Halfway zones encountered in the subject well.

The Commission designates the gas pools encountered by this well to be Bluesky "A" and Halfway "B" of the Mercury field. Gas compositions are similar for the two pools. Commingled completion is expected to increase recoverable gas reserves by mitigating liquid loading problems.

The well is located within an area of Good Engineering Practice for the Bluesky "A" pool, however it would be subject to an off-target penalty for production from the Halfway. This commingling approval was originally delayed pending a successful application for waiver of the Halfway penalty, now approved. We apologize for the long delay in making this response. Verbal information indicates that commingled production, via an open sliding sleeve, has been occurring since August 11, 1999. Please submit amended S-1 reports back to this date, allocating production to the two zones, should this be the case.

We wish to advise you that your application to commingle production from these pools is hereby approved, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Bluesky (1033.5 – 1038.0 mKB) and Halfway (1084.0 – 1089.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Provincial Resource BC S-1 and BC S-2 forms on the basis of Bluesky 40% and Halfway 60%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Sincerely,

P.S. Attariwala
Supervisor
Reservoir Engineering

**Approval Letters to Industry
COMMINGLED PRODUCTION**

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| <input type="checkbox"/> | Wellfile (originals) |
| <input type="checkbox"/> | 59070-20 |
| <input type="checkbox"/> | Daily |
| <input type="checkbox"/> | Resource Revenue |
| <input type="checkbox"/> | R. Stefik |
| <input type="checkbox"/> | G. Farr |
| <input type="checkbox"/> | P.S. Attariwala |
| <input type="checkbox"/> | D. Krezanoski |

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