

February 17, 2011

6480-2500/2600/2800/2850-59070-20

Tony Colabella
Sr. Exploitation Engineer
Canadian Forest Oil Ltd.
2500, 645 – 7th Avenue SW
Calgary AB T2P 4G8

Dear Mr. Colabella:

**RE: COMMINGLED PRODUCTION SPECIAL PROJECT
CDN FOREST OJAY b-004-J/093-I-9; WA # 14222**

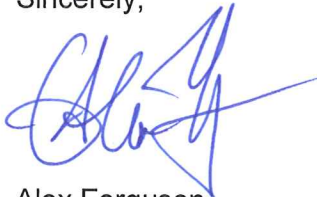
The OGC has reviewed your application, dated November 2, 2010, requesting approval to commingle gas production from the Falher G, Bluesky, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Falher G “A”, Bluesky “D”, Cadomin “Y” and Nikanassin “P” gas pools.

Interim commingling was approved September 4, 2009, for the Falher G, Bluesky, Cadomin, and Nikanassin formations. The Nikanassin formation was completed in December of 2004 and suspended following a final test rate of 20 e³m³/d. The Falher G, Bluesky and Cadomin formations were subsequently completed in September 2009. The final commingled flow test rate was 127 10³m³/d. All zones contain sweet gas. The OGC agrees that commingling will result in increased reserve recovery.

Attached please find Order 11-20-004 designating an area in the Ojay field within the subject formations a Special Project under section 75 of the *Oil and Gas Activities Act* for Commingled Production. Please note that commingled production operations will be subject to periodic review and the Commission may modify the Order, if deemed appropriate.

Should you have any questions, please contact Richard Slocomb at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



Alex Ferguson
Commissioner
Oil and Gas Commission

Attachment

IN THE MATTER of an application from Canadian Forest Oil Ltd. to the Oil and Gas Commission (Commission) dated November 2, 2010 for Commingled production approval.

ORDER 11-20-004

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Ojay field – Falher G “A”, Bluesky “D”, Cadomin “Y” and Nikanassin “P” pools are designated as a special project for the enhanced recovery of natural gas by commingling production within the following area;

NTS 093-I-09 Block G – units 94, 95

NTS 093-I-09 Block J – units 4, 5.

- 2 Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:
- a) Production from the Falher G (3043.0 – 3052.0 mKB), Bluesky (3182.0 – 3184.0 mKB), Cadomin (3294.0 – 3301.0 mKB) and Nikanassin (3328.0 – 3543.0 mKB) zones may be commingled through the well CDN FOREST OJAY d-094-G/093-I-9 (WA # 14222).
 - b) Gas, condensate and water production from the commingled well must be allocated on the Ministry of Finance BC-S1, BC-S2 and BC-08 forms to the deepest (measured depth) active well event (unique well identifier). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission allocates commingled gas and water production on the basis of Falher G 10%, Bluesky 2%, Cadomin 13% and Nikanassin 75%.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 17 day of February 2011.