



March 5, 2008

9000-1870/2600/2700/2800-59070-20

Benjamin M. Jones
CEO, Canada Energy Partners Inc.
6161 Perkins Road, Suite 1C
Baton Rouge, Louisiana 70808

Dear Mr. Jones:

RE: INTERIM COMMINGLED PRODUCTION APPROVAL
CE MONIAS 09-23-081-22 W6M; WA# 23926

The OGC has reviewed your application dated January 23, 2008, for approval to commingle gas production from the Moosebar, Bluesky, Gething and Cadomin formations in the subject well.

Canada Energy Partners (CE) plans to drill the subject well in early March, with nitrogen as a drilling fluid. CE believes that the targeted formations are easily damaged and as such are proposing to complete these zones open-hole. The targeted zones are a mix of shale, coals and tight sandstone and the Commission recognizes that most of these zones will have limited or no productivity. The Commission is allowing latitude on the drilling of the first well of what could be a very large drilling program. Should CE prove up their drilling and completion concept on the subject well and continue drilling in this area the Commission will re-evaluate and define expected minimum data requirements for each zone. Data requirements may include; cutting of cores, segregated production testing and segregated pressure information on a sampling frequency to be determined by the Commission. All zones are sweet gas and are anticipated to be normally pressured.

We wish to advise you that your application to commingle production is hereby granted **interim** approval, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions being met:

1. The subject well is hereby exempt from measurement of initial reservoir pressure, under Section 95(2) of the Regulation, for the Moosebar, Bluesky, Gething and Cadomin formations in the subject well.
2. The subject well is hereby exempt from measurement of absolute open flow potential, under Section 84(2) of the Regulation, for the Moosebar, Bluesky, Gething and Cadomin formation in the subject well.

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RESOURCE CONSERVATION

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Location: 6th Flr 1810 Blanshard St. Victoria BC

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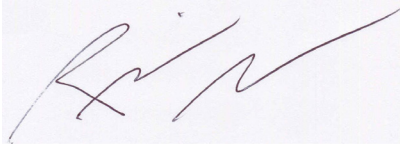
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3. A production test must be completed to establish the AOF and initial reservoir pressure for the commingled zones, and reports filed as per the requirements of Sections 84 and 95 of the *Regulation*.
4. A formal application for commingled production must be submitted with supporting test data, gas analysis and proposed allocation factors for production reporting both gas and liquids.
5. Formal approval for commingled production **will not** be authorized until all of the conditions above have been met.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering