

December 11, 1997

2985-4995-59070-20  
971200

Mr. Edward P. Frey  
Manager, Northern District  
Chauvco Resources Ltd.  
2900, 255 - 5<sup>th</sup> Ave. SW  
Calgary, AB T2P 3G6

Dear Mr. Frey:

**RE: APPLICATION FOR COMMINGLED PRODUCTION  
CHINCHAGA RIVER - BLUESKY-GETHING -DETRITAL "A"  
& LOWER CHARLIE LAKE/MONTNEY "A" POOLS**

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The Ministry has reviewed your application dated November 13, 1997, requesting permission to commingle production from the Bluesky-Gething-Detrital "A" and Lower Charlie Lake/Montney "A" pools for wells within the Chinchaga River field. A Good Engineering Practice (GEP) of Chauvco Resources Ltd. was previously approved for the two pools, encompassing a large area around this field.

Reservoir pressure and fluid composition are similar for the two pools. Commingling of production should improve operations economics while not adversely effecting recoveries.

Your application to commingle production from these two formations is hereby approved, under the authority of section 44 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Bluesky-Gething-Detrital "A" and Lower Charlie Lake/Montney "A" pools may be commingled for wells within the area of the GEP approval dated October 30, 1997.
2. Gas and condensate production should be allocated on the BC S-1 and BC S-2 forms on the basis of Bluesky-Gething-Detrital 30% and Lower Charlie Lake/Montney 70%, with 100% of water production to be allocated to the Lower Charlie Lake/Montney.

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3. The form BC-11, Notice of Commencement or Suspension of Operations, must be completed and submitted for each well where both pools are completed for commingled production, with such noted under "Comments" on the form.
4. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'B. van Oort', written in a cursive style.

B. van Oort, P. Eng  
Director  
Engineering and Operations Branch