



March 6, 2007

6800-2700/4800-59070-20

Leonard Fabes, P. Eng.
Exploitation Engineer
Canadian Natural Resources Limited
Suite 2500, 855 – 2 Street SW
CALGARY AB T2P 4J8

Dear Mr. Fabes:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
CNRL ET AL PEEJAY d-8-I/94-A-15; WA# 2946**

The Commission has reviewed your application dated February 23, 2007 requesting permission to commingle production from the Gething and Halfway zones encountered in the subject well.

The Commission designates gas pool under the application to be completed in the Peejay – Gething “B” non-associated gas and Halfway “B” gas cap.

It is noted from your application that isolation between the Gething and Halfway was removed and a bottom hole pump was installed. Accordingly, both the Gething and Halfway zones are now commingled. This operation was carried out **without** an approval from the Commission. Please note that Section 41 of the *Drilling and Production Regulation* states, in part;

“**41** (1) An operator of a well must not

- (a) complete a well, or
- (b) allow a well to be completed,

for commingled production from more than one pool or zone unless the operator first applies for and receives permission in writing from an authorized commission employee.”

The Gething in the subject well was produced in 2001 and has produced $1.3 \times 10^6 \text{ m}^3$ and is currently capable of producing at $4.8 \times 10^3 \text{ m}^3/\text{d}$. The Halfway is located within a Concurrent Production scheme Approval 98-07-006 (Amendment #1) area granted to CNRL for the Halfway “B” gas cap production. Since the Peejay Halfway oil pool (Unit #3) has been waterflooded, oil has been pushed towards the gas cap. Accordingly, the subject well has now started producing banked oil. In this case, commingling is considered appropriate as it should result in maximization of resource recovery and extend the economic life of this well.

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

1. Production from the Gething (1025.3–1030.2 mKB) and Halfway (1153.9–1156.7 mKB) zones may be commingled.

2...

RESOURCE CONSERVATION BRANCH

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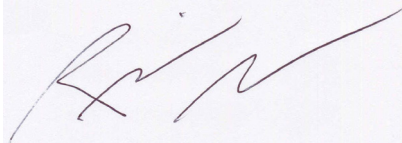
2. Gas, oil and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of:

	<u>Gething</u>	<u>Halfway</u>
Gas	65%	35%
Oil	0%	100%
Water	0%	100%

3. Production from the Gething will be segregated when the Halfway becomes uneconomic due to high water-cut.
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.
Supervising Reservoir Engineer
Resource Conservation Branch