



March 19, 2007

2100-2600/9030-2800-59070-20

Neil Rubeniuk
Engineering Supervisor
Sub-Surface Regulatory & Royalty Optimization
ConocoPhillips Canada Resources Corp.
PO Box 130, 401-9th Avenue S.W
Calgary, Alberta T2P 2H7

Dear Mr. Rubeniuk:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
BRC HTR BRASSEY 2-1-77-20 W6M; WA# 21512**

The OGC has reviewed your application dated January 29, 2007, requesting approval to commingle gas production from the Bluesky and Cadomin formations in the subject well.

The Commission has designated the gas pools under application to be the Brassey – Bluesky “C” and Deep Basin – Cadomin “A”.

The Bluesky has been mapped as a single well pool. Well control in the immediate area is limited, therefore, aerial extent of the Bluesky “C” is unknown. The Bluesky is currently producing at $28.9 \times 10^3 \text{ m}^3/\text{d}$. The Cadomin has been mapped as part of the large regional pool in the Deep Basin area. The Cadomin in the subject well has not been placed on production, however it tested at $2.1 \times 10^3 \text{ m}^3/\text{d}$ after completion. Both zones have similar gas composition but dissimilar initial reservoir pressures. The wellbore has been configured with a packer and sliding sleeve between each producing interval, thereby allowing each zone to be segregated during an extended shut-in period. We concur that commingling of the Bluesky and Cadomin production will result in increased reserves recovery.

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

1. Production from the Bluesky (1953.0–1965.0 mKB) and Cadomin (2099.0–2125.0 mKB) zones may be commingled.
2. Gas, condensate 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 Bluesky 75 % and Cadomin 25%. The allocation factors may be amended to reflect results of any future tests.
3. A segregated reservoir pressure must be obtained from the Bluesky at a future date once the well has been on production for at least one year.
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

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