



June 28, 2010

4780-2500/2600/2800/2850-59070-20

Neil Rubeniuk
Engineering Manager
Subsurface Regulatory & Royalty Optimization
ConocoPhillips Canada
2100, 250 - 6th Avenue S.W
Calgary, Alberta T2P 3H7

Dear Mr. Rubeniuk:

**RE: COMMINGLED PRODUCTION APPROVAL
COPL ET AL HIDING d-A049-G/093-I-16; WA# 23673**

The OGC has reviewed your application dated May 26, 2010 requesting approval to commingle gas production from the Falher, Bluesky, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Hiding Creek – Falher C “L”, Bluesky “D”, Cadomin “B” and Nikanassin “H” gas pools.


All subject zones were completed in August and September 2008. In October 2008, the well commenced production with the shallow Falher segregated from the deeper Bluesky, Cadomin and Nikanassin. The Falher had an initial production rate of approximately $32 \times 10^3 \text{ m}^3/\text{d}$ and the Deep Zones, commingled under the Outer Foothills Area commingling approval, commenced production at $180 \times 10^3 \text{ m}^3/\text{d}$. The formations produced segregated until August 2009 when it was discovered that there was a hole in the tubing, causing an increased measured rate flowing up the casing and decreased rate flowing up the tubing.

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 Falher C (2578.0 – 2582.0 mKB), Bluesky (2805.0 – 2834.0 mKB), Cadomin (2951.5 – 2952.5 mKB, 3057.0 – 3064.0 mKB) and Nikanassin (2998.0 – 3051.0 mKB, 3138.0 – 3279.5 mKB) zones may be commingled.
2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Finance S-1, BC S-2 and BC 08 forms to the deepest (measured depth) active well event (UWI). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission will allocate commingled production on the basis of Falher 10%, Bluesky 15%, Cadomin 5% and Nikanassin 70%. The allocation factors may be amended to reflect results of any future tests.
3. 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) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,


Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering