



August 22, 2011

6480-2400/2515/2600/2700/2800/2850-59070-20

Neil Rubeniuk
Engineering Manager
ConocoPhillips Canada
2100, 250 – 6th Avenue SW
Calgary AB T2P 3H7

Dear Mr. Rubeniuk:

RE: COMMINGLED PRODUCTION SPECIAL PROJECT
COPOL ET AL OJAY c-065-C/093-I-16; WA # 19123

The OGC has reviewed your application dated February 3, 2011 requesting approval to commingle gas production from the Notikewin, Falher C, Bluesky, Gething, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Notikewin “D”, Falher C “B”, Gething “D”, Cadomin “F” and Nikanassin “D” gas pools. The Bluesky formation has been deemed non-productive and has not been assigned a recognized pool designation by the OGC.

The Falher C, Bluesky, Gething, Cadomin and Nikanassin received commingling approval on March 30, 2007. ConocoPhillips intends on producing the Notikewin commingled with the formations mentioned through a single tubing string. All zones contain sweet gas.

Attached please find Order 11-20-017 designating an area in the Ojay field within the subject formations a Special Project under section 75 of the *Oil and Gas Activities Act* for Commingled Production. Please note that commingled production operations will be subject to periodic review and the Commission may modify the Order, if deemed appropriate.

Should you have any questions, please contact Kelly Okuszko at (250) 419-4433 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jeakins', with a stylized flourish at the end.

Paul Jeakins
Chief Operating Officer
Oil and Gas Commission

Attachment

IN THE MATTER of an application from ConocoPhillips Canada to the Oil and Gas Commission (Commission) dated February 3, 2011 for Commingled production approval.

ORDER 11-20-017

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Ojay field – Notikewin “D”, Falher C “B”, Bluesky, Gething “D”, Cadomin “F” and Nikanassin “D” pools are designated as a special project for the enhanced recovery of natural gas by commingling production within the following area;

NTS 093-I-16 Block C – units 54, 55, 64 and 65.
- 2 Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:
 - a) Production from the Notikewin (2710.0 – 2720.0 mKB), Falher C (2803.0 – 2809.0 mKB), Bluesky (3038.0 – 3055.0 mKB), Gething (3105.0 – 3157.0 mKB), Cadomin (3171.0 – 3175.0 mKB) and Nikanassin (3232.0 – 3302.0 mKB) zones may be commingled through the well COPOL ET AL OJAY c-065-C/093-I-16 (WA # 19123).
 - b) Gas, condensate and water production from the commingled well must be allocated on the Ministry of Finance BC-S1, BC-S2 and BC-08 forms to the deepest (measured depth) active well event (unique well identifier). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission allocates commingled gas and water production on the basis of Notikewin 10%, Falher C 0%, Bluesky 0%, Gething 30%, Cadomin 25% and Nikanassin 35%.



Paul Jenkins
Chief Operating Officer
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 24th day of August 2011.

RATIONAL FOR ORDER

Order 11-02-017 has been made considering:

- **Conservation of the resource** – The proposed method of commingling production from the Notikewin with the currently commingled Falher C, Bluesky, Gething, Cadomin and Nikanassin formations will reduce liquid loading and thereby maximize reserve recovery.
- **Reservoir characteristics** – The pay intervals of each zone have been evaluated by an OGC geologist and mapped to designated pools. Initial and current reservoir pressures have been measured and provide valuable insight gas-in-place calculations. A reasonable amount of production and pressure data has been collected to allow for proper production allocation and reserves management.
- **Commingling Precedent** – Commingling approval was granted for the Falher C, Bluesky, Gething, Cadomin and Nikanassin formations on March 30, 2007. Numerous commingling approvals have been granted in the Outer Foothills area [Ojay and Hiding Creek fields] in 2010 and 2011.
- **Need for Special Project** – The Special Project designation allows for enhanced gas recovery by optimizing multi-zone production through a single tubing string.
- **Objections** – There were no objections filed with the Commission regarding this project.
- **P&NG Rights** – ConocoPhillips is the operator of the subject well. ConocoPhillips has received a Letter of Consent from Devon Canada, the title holder in all subject formations in the well.



Paul Jenkins
Chief Operating Officer
Oil and Gas Commission

August 2nd, 2011