



December 3, 2008

4780-2515/2600/2850-59070-20

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

Dear Mr. Rubeniuk:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
BRC HTR ET AL HIDING c-15-H/93-I-16; WA# 19102**

The OGC has reviewed your application dated October 21, 2008 requesting approval to commingle gas production from the Falher C, Bluesky and Nikanassin formations in the subject well.

The Commission has designated the gas pools under application to be the Hiding Creek – Falher C “K”, Bluesky “G” and Nikanassin “D”.

The Nikanassin and Bluesky zones in the subject well were commingled upon completion as per the Outer foothills area Commingled Production – Interim Guide. These two zones commenced production up the tubing in March 2008 at $113.8 \times 10^3 \text{ m}^3/\text{d}$ and are currently producing at $32.6 \times 10^3 \text{ m}^3/\text{d}$. The Falher C zone in the subject well commenced production in March 2008 at $72.4 \times 10^3 \text{ m}^3/\text{d}$ up the tubing/casing annulus and is currently producing at $30.1 \times 10^3 \text{ m}^3/\text{d}$. The Falher C has been mapped as a two well pool, though initial pressure information from the subject well indicates limited communication between these two wells. All three zones have similar gas composition. We concur that commingling of these zones 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 Falher C (2839.0 – 2845.0 mKB), Bluesky (3076.0–3108.0 mKB) and Nikanassin (3227.0–3459.5 mKB) zones may be commingled.

2...

RESOURCE CONSERVATION

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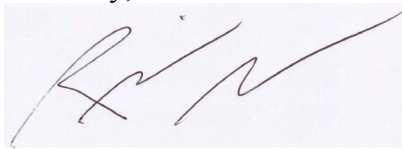
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2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Provincial Revenue BC S-1, BC S-2 and BC 08 forms to the deepest (measured depth) active well event (UWI). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission will allocate commingled production on the basis of Falher C 38%, Bluesky 15% and Nikanassin 47%. The allocation factors may be amended to reflect results of any future tests.
3. A segregated reservoir pressure must be obtained from the Falher C prior to commencement of commingled production.
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,

A handwritten signature in dark ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering