



August 31, 2006

5170-2505/9030-2800-59070-20

Chris McCuskee
ConocoPhillips Canada
2100 Bow Valley Square IV,
250 – 6th Avenue SW
CALGARY AB, T2P 3H7

Dear Mr. McCuskee:

RE: APPLICATION FOR COMMINGLED PRODUCTION
BRC HTR et al Kelly a-57-I/093-P-01; WA# 15388

The OGC has reviewed your application dated April 26, 2006, requesting approval to commingle gas production from the Falher A and Cadomin formations in the subject well.

The Commission has designated the gas pools under application to be the Kelly – Falher A “A” and Deep Basin - Cadomin “A”.

The Falher A has been mapped as part of a large multi-well pool. The Falher A in the subject well is currently producing at $68.5 \times 10^3 \text{ m}^3/\text{d}$ and has cumulatively produced $114.3 \times 10^6 \text{ m}^3$. The Cadomin has been mapped as part of the large regional Deep Basin pool. The Cadomin in the subject well is currently producing at $2.1 \times 10^3 \text{ m}^3/\text{d}$ which is below the critical lift rate. Although the Falher A is currently producing at economic rates the Commission believes that commingled production will assist with liquid lifting thereby extending the productive life of the Cadomin zone. Both zones are sweet gas with dissimilar initial reservoir pressures. ConocoPhillips has committed to maintaining a sliding sleeve in order to allow segregation during extended periods of shut-in.

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 A (2063.0 – 2067.0 mKB) and Cadomin (2501.0 – 2507.0 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 Falher A 90 % and Cadomin 10%. 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) 952-0366.

Sincerely,

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

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