



August 4, 2011

5170-1500/2200/2800/-59070-20

Neil Rubeniuk
Engineering Manager
ConocoPhillips Canada
401 – 9th Avenue SW
Calgary AB T2P 2H7

Dear Mr. Rubeniuk:

RE: COMMINGLED PRODUCTION SPECIAL PROJECT
COPOL ET AL KELLY a-059-I/093-P-01; WA # 15469

The OGC has reviewed your application dated April 4, 2011 requesting approval to commingle gas production from the Dunvegan, Cadotte and Cadomin formations in the subject well. The Commission has designated the zones under application to be part of the Cadotte "Q" and Cadomin "A" gas pools. The Dunvegan zone has not been designated as part of a gas pool as the Commission does not recognize an economic accumulation of hydrocarbons.

The Dunvegan and Cadomin were completed in March 2003. The Cadomin was placed on-stream in May 2003 at 34 10³m³/d whereas the Dunvegan was deemed unproductive. The Cadotte was completed in March 2004 and received approval to produce commingled with the Dunvegan in April 2004. The Cadomin is currently segregated from the Cadotte and Dunvegan by a sliding sleeve.

Attached please find Order 11-20-016 designating an area in the Kelly 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 Richard Slocomb at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Ferguson', is written over a large, light-colored, stylized graphic element that resembles a star or a large letter 'A'.

Alex Ferguson
Commissioner
Oil and Gas Commission

Attachment

IN THE MATTER of an application from ConocoPhillips Canada to the Oil and Gas Commission (Commission) dated April 4, 2011 for Commingled production approval.

ORDER 11-20-016

1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Kelly field – Dunvegan formation, Cadotte “Q” and Cadomin “A” pools are designated as a special project for the enhanced recovery of natural gas by commingling production within the following area;

NTS 093-P-01 Block I – units 58, 59, 68 and 69.

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 Dunvegan (1424.0 – 1426.0 mKB), Cadotte (1976.0 – 1982.0 mKB) and Cadomin (2532.0 – 2545.0 mKB) zones may be commingled through the well COPOL ET AL KELLY a-059-I/093-P-01 (WA # 15469).
- 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 Dunvegan 1%, Cadotte 60% and Cadomin 39%.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 4 day of August 2011.