



July 5, 2006

8115-2200/9030-2800-59070-20

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 SUNDOWN c-81-G/093-P-07; WA# 16147**

The OGC has reviewed your application dated April 27, 2006, requesting approval to commingle gas production from the Cadotte and Cadomin formations in the subject well.

The Commission has designated the gas pools under application to be the Sundown – Cadotte “C” and Deep Basin – Cadomin “A”.

The Cadotte has been mapped as part of a five well pool. The Cadotte in the subject well is currently producing below its critical lift rate at $0.2 \times 10^3 \text{ m}^3/\text{d}$. Producing wells within the Cadotte “C” pool have excellent permeability and initially commenced production at extremely high gas rates. As such, pool recoveries to date are high, with more than 90% of original gas in place being recovered. The Cadomin has been mapped as part of the large regional pool in the Deep Basin area. The Cadomin in the subject well is currently producing at $11.7 \times 10^3 \text{ m}^3/\text{d}$. The Commission believes that commingled production will assist with liquid lifting thereby extending the productive life of the well and resulting in increased reserves recovery. 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 Cadotte (1882.0 – 1886.5 mKB) and Cadomin (2480.0 – 2504.0 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 Cadotte 50 % and Cadomin 50%. 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

RESOURCE CONSERVATION BRANCH

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