



August 11, 2009

4780-2200/2400/2800/2850-59070-20

Ryan Wong  
Subsurface Regulatory & Royalty Optimization  
ConocoPhillips Canada  
2100, 250-6th Avenue S.W  
Calgary, Alberta T2P 3H7

Dear Mr. Wong:

**RE: COMMINGLED PRODUCTION APPROVAL  
COP BRC ET AL HIDING C- 073-G/093-I-16; WA# 24581**

The OGC has reviewed your application dated July 28, 2009 requesting approval to commingle gas production from the Cadotte, Notikewin, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Hiding Creek – Cadotte “L”, Notikewin “K”, Cadomin “K” and Nikanassin “K” gas pools. The majority of the offset wells within these pools have been commingled.

All subject zones were completed in the winter of 2009. The Cadotte and Notikewin initially tested at 8.8  $10^3\text{m}^3/\text{d}$  and 12.1  $10^3\text{m}^3/\text{d}$ , respectively. Gas rates of 24.4  $10^3\text{m}^3/\text{d}$  and 88.4  $10^3\text{m}^3/\text{d}$ , respectively, were measured using a spinner survey over the Cadomin and Nikanassin. In April 2009, the well commenced commingled production with the shallow Cadotte and Notikewin segregated from the deeper Cadomin and Nikanassin. Currently, the Cadotte and Notikewin are producing steadily at 20  $10^3\text{m}^3/\text{d}$  and the Cadomin and Nikanassin have declined to 27  $10^3\text{m}^3/\text{d}$  from an initial rate of 80  $10^3\text{m}^3/\text{d}$ . All the zones contain sweet gas. We concur that commingling of these shallow and deep 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 Cadotte (2645.2 – 2657.2 mKB), Notikewin (2724.0 – 2727.0 mKB), Cadomin (3182.0 – 3185.0 mKB) and Nikanassin (3242.0 – 3340.0 mKB) zones may be commingled.
2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Finance 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 Cadotte 20%, Notikewin 20%, Cadomin 15% and Nikanassin 45%. 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) 419-4421 or Kelly Okuszko at (250) 419-4433.

Sincerely,

Richard Slocomb, P. Eng.  
Supervisor, Reservoir Engineering