



June 27, 2008

8170-4540/4800-59070-20

Christine Mercier, P.Eng.
Crew Energy Inc.
1400, 425 – 1st Street SW
Calgary AB T2P 3L8

Dear Ms. Mercier:

**RE: INTERIM COMMINGLED PRODUCTION APPROVAL
ENCO ET AL N TOWNSEND a-A001-J/094-B-09; WA# 03983**

Commission staff have reviewed your application dated June 10, 2008 requesting permission to commingle gas production from the Coplin and Halfway zones encountered in the subject well.

Your request for an interim approval is intended to allow the acquisition of additional supporting data for a formal commingling application. The well is currently completed in the Halfway zone (1838.5 – 1843.0 mKB) and is designated to the Townsend – Halfway “A” pool. The Halfway zone commenced production in October, 1982 at 50 10³m³/d, has produced 146 10⁶m³ to date and has declined to a current rate of 12 10³m³/d. The Coplin is expected to be a marginal producer with an initial rate of ~10 10³m³/d, based on log analysis and offset test data. There is a variation in H₂S content (Coplin – 6% H₂S; Halfway – 1.4 %) between the zones, based on field data and there is likely a large pressure difference (~9 MPaa) due to the depletion of the Halfway. In an effort to mitigate potential cross flow Crew has installed a free flow check valve to allow one way gas flow from the annulus to tubing. Commingled production through a single production string is expected to maximize production and reserve recovery from both zones.

We wish to advise you that your application to commingle production from these zones is hereby granted **interim** approval, under the authority of section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Coplin and Halfway zones may be commingled.
2. A supplementary application for commingled production, with supporting test data and gas analysis, must be submitted, with proposed allocation factors for production reporting.
3. AOF and reservoir pressure reports, based on available data, must be filed for the Coplin zone as per the requirements of sections 84 and 95 of the *Regulation*.

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RESOURCE CONSERVATION

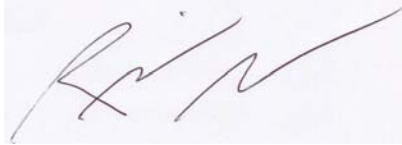
PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
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4. Formal approval for commingled production **will not** be authorized until all of the above listed conditions have been met.

Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszko at (250) 952-0176.

Sincerely,

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

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering