



March 14, 2011

4780-2200/2800/2850-59070-20

Farrukh Moid, P.Eng.
Exploitation Engineer, Deep Basin
Devon Canada Corporation
2000, 400 – 3rd Avenue S.W.
CALGARY, AB T2P 4H2

Dear Mr. Moid:

**RE: COMMINGLED PRODUCTION SPECIAL PROJECT
COPOL ET AL HIDING B- 062-F/093-I-16; WA # 19522**

The Oil and Gas Commission (Commission) has reviewed your application dated January 14, 2011 requesting approval to commingle gas production from the Cadotte, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Hiding Creek –Cadotte “G”, Cadomin “B” and Nikanassin “H” gas pools.

The Cadomin and Nikanassin zones were completed in November 2005 and flow tested at 30 e³m³/d and 20 e³m³/d, respectively. The zones were placed on commingled production in January 2006, without approval from the Commission. In March 2008 the Commission issued the Outer Foothills Interim Commingling Approval which related to the subject well. The Commission would like to remind Devon that:

- 1) under section 23 of the *Drilling and Production Regulation*, “A well permit holder must not complete a well for commingled production from more than one pool or zone unless the completion is permitted by the well permit or is authorized under section 75 of the Act,” and
- 2) condition #5 of the Outer Foothills Area Commingled Production approval states “A “notification” must be submitted to the OGC for each commingled well, within 30-days of final completion operations.”

The Cadotte zone was recompleted in November 2008. The wellbore was configured to flow the Nikanassin/Cadomin up the tubing and the Cadotte up the annulus. However, a measurable gas rate was not obtained from the Cadotte and it was left shut-in. The Cadomin and Nikanassin zones were put back on commingled production in January 2009. All the zones contain sweet gas. We concur that commingling the Cadotte with the Cadomin and Nikanassin zones will result in increased reserves recovery by allowing any marginal Cadotte gas to be produced. Please contact the Commission if, upon commingling, there is an increase in productivity attributable to the Cadotte, so the production allocation factors can be adjusted accordingly.

Attached please find Order 11-20-005 designating an area in the Hiding Creek field within the subject formations a Special Project under section 75 of the *Oil and Gas Activities Act* for Commingled Production.

Should you have any questions, please contact Richard Slocomb at (250) 419-4421 or Kelly Okuszko at (250) 419-4433.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alex Ferguson', is written over a blue ink scribble.

Alex Ferguson
Commissioner
Oil and Gas Commission


Attachment

IN THE MATTER of an application from Devon Canada Corporation to the Oil and Gas Commission (Commission) dated January 14, 2011 for Commingled production approval.

ORDER 11-20-005

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Hiding Creek field – Cadotte “G”, Cadomin “B” and Nikanassin “H” pools are designated as a special project for the enhanced recovery of natural gas by commingling production within the following area;

NTS 093-I-16 Block F – units 52, 52, 62, 63
- 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 Cadotte (2166.0 – 2169.0 mKB), Cadomin (3064.5 – 3070.5 mKB) and Nikanassin (3126.0 – 3287.0 mKB) zones may be commingled through the well COPOL ET AL HIDING B- 062-F/093-I-16 (WA # 19522).
 - 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 production on the basis of Cadotte 0%, Cadomin 50% and Nikanassin 50%.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 14 day of March 2011.