



August 24, 2011

4780-2515/2545/2800/2850-59070-20

Owen Roche  
Devon Canada Corporation  
2000, 400 – 3<sup>rd</sup> Avenue SW  
Calgary AB T2P 4H2

Dear Mr. Roche:

**RE: COMMINGLED PRODUCTION SPECIAL PROJECT, AMENDMENT #1  
DEVON HIDING a-36-H/93-I-16; WA# 20713**

Commission staff have reviewed your application dated July 25, 2011 requesting approval to commingle gas production from the Fahler C, Falher G, Cadomin, and Nikanassin zones encountered in the subject well. Interim commingling approval [Order #11-20-009] for the formations referenced above was issued on March 18, 2011. The Commission has designated the zones under application to be part of the Falher C "K", Falher G "B", Cadomin "L", and Nikanassin "D" gas pools.

The Nikanassin zone was completed in March 2007, put on production in July 2008 at 25 10<sup>3</sup>m<sup>3</sup>/d and declined to 4.3 10<sup>3</sup>m<sup>3</sup>/d as of February 2011. The Cadomin and Falher formations were recompleted in February 2011. The Cadomin formation didn't flow burnable gas when tested. The Falher formations were put on production in April 2011 at a gas rate of 81 10<sup>3</sup>m<sup>3</sup>/d. Devon plans to remove the packer separating the Nikanassin and Cadomin formations from the producing Falher formations. All the zones contain sweet gas.

Attached please find Order 11-20-009 (Amendment #1) 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. 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 Kelly Okuszko at (250) 419-4433 or Travis Mercure at (250) 419-4448.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jeakins', with a large, sweeping flourish at the end.

Paul Jeakins  
Chief Operating Officer  
Oil and Gas Commission

IN THE MATTER of an application from Devon Canada Corporation to the Oil and Gas Commission (Commission) dated July 25, 2011 for Commingled production approval

**ORDER 11-20-009 (AMENDMENT #1)**

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Commission designates the commingling of production from the Hiding Creek field – Falher C “K”, Falher G “B”, Cadomin “L” and Nikanassin “D” pools as a special project for the enhanced recovery of natural gas by commingling production within the following area;  
  
NTS 093-I-16 Block H – units 36, 37, 46 and 47.
- 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 Falher C, Falher G, Cadomin and Nikanassin zones may be commingled through the well DEVON HIDING a-036-H/093-I-16 (WA # 20713).
  - 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 Falher C 70%, Falher G 15%, Cadomin 0% and Nikanassin 15%.



Paul Jeakins  
Chief Operating Officer  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 24<sup>th</sup> day of August 2011.