



October 23, 2008

6480-2800/2850-59070-20

John Donohoe, P.Eng.  
Senior Exploitation Engineer  
Devon Canada Corporation  
2000, 400 – 3<sup>rd</sup> Avenue SW  
Calgary AB T2P 4H2

Dear Mr. Donohoe:

**RE: COMMINGLED PRODUCTION APPROVAL**  
**Devon ARL et al Ojay a-40-A/93-I-9; WA# 22956**

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The Commission has reviewed your application dated October 10, 2008 for approval to commingle gas production from the Cadomin and Nikanassin formations in the subject well.

The Commission has designated the gas pools under application to be part of the Ojay – Cadomin “I” and Nikanassin “I” pools.

The Cadomin and Nikanassin zones were completed in November, 2007 and interim commingling approval was granted (November 30, 2007). An initial pressure of 24,189 kPaa was measured for the combined zones in January, 2008. The well began commingled sales production in May, 2008 at 233 10<sup>3</sup>m<sup>3</sup>/d. In August, 2008, a DTS production log was run to determine contribution of each zone. The Cadomin only contributed 0.12% to the total flow, with the majority originating from the Nikanassin. An inline flow and build up test was conducted August 24 – September 8, 2008 to evaluate reservoir pressure and flow characteristics. A reservoir pressure of 22,728 kPaa and AOF of 3248 10<sup>3</sup>m<sup>3</sup>/d were calculated. Both zones contain sweet gas. All of the conditions of the interim approval have been met.

Commingling approvals for these zones have been granted for several wells in the Ojay field. In March, 2008 the Outer Foothills Commingling Approval was granted, allowing various Cretaceous zones to receive commingling approval through a notification process. The subject well qualifies for approval under these guidelines. We concur that commingled production is expected to maximize production and recovery from both zones.

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

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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  
Location: 6<sup>th</sup> Flr 1810 Blanshard St. Victoria BC

1. Production from the Cadomin (2666.0 – 2668.0 mKB) and Nikanassin (2686.0 – 3033.0 mKB) zones may be commingled.
2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Provincial Revenue BC 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 to the individual zones on the basis of Cadomin 0% and Nikanassin 100%.
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 or Kelly Okuszko at (250) 952-0325.

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