



November 29, 2006

6480-2200/2400/2515-59070-20

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

Dear Mr. Donohoe:

**RE: APPROVAL FOR COMMINGLED PRODUCTION, AMENDMENT #1  
DEVON ARL ET AL OJAY b-79-C/93-I-16; WA# 19488**

Commission staff have reviewed your application dated October 23, 2006 requesting permission to commingle gas production from the Cadotte formation with the Notikewin and Falher C zones, approved for commingled production April 18, 2006, in the subject well.

The Commission designates the gas pools under application to be the Ojay – Cadotte “F”, Notikewin “C” and Falher C “B”. The Cadotte is mapped as a four well pool, with reservoir pressure data suggesting rapid reserves depletion. All pools contain sweet gas and pressures are expected to be similar. The Cadotte zone is currently produced on timer, unable to sustain annulus production due to liquid loading. Commingled production is expected to increase the productive life of the well, thereby maximizing recoverable reserves.

We wish to advise 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 (2836.0-2841.0), Notikewin (2946.0 – 2950.0 mKB) and Falher C (3034.0 - 3037.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Cadotte 30%, Notikewin 20 % and Falher 50 %. 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.

We note that since initial well production in April 2006, no volumes have been reported to the Falher C “B” pool, although the initial commingled approval specified that 75% of production must be reported to this zone. Also, Devon contends that liquid loading has been an issue for the Cadotte, however only trace liquids have been reported to the Cadotte zone while significant water rates are recorded to the Notikewin. Amended BCS-1 reports are required to correct these submission errors.

Sincerely,

Ron Stefik, ASCT  
Sr Reservoir Engineering Technologist

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