



January 11, 2011

6480-2200/2700/2800/2850-59070-20

John Donohoe  
Senior Exploitation Engineer - Foothills  
Devon Canada Corporation  
2000, 400 – 3rd Avenue SW  
Calgary AB T2P 4H2

Dear Mr. Donohoe:

**RE: PERMIT AMENDMENT - COMMINGLED PRODUCTION  
DEVON NEC OJAY a-065-A/093-I-9; WA# 23406**

The OGC has reviewed your application dated December 7, 2010 requesting approval to commingle gas production from the Cadotte, Gething, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Cadotte “O”, Gething “H”, Cadomin “N”, and Nikanassin “N” gas pools.


The Gething, Cadomin and Nikanassin (Deep zones) were completed and put onstream in August 2008, while the Cadotte was left shut in on the annulus. The Deep zones commenced production at a gas rate of  $124 \text{ } 10^3 \text{ m}^3/\text{d}$  and has since declined to a rate of  $51 \text{ } 10^3 \text{ m}^3/\text{d}$  as of September 2010. The Cadotte initially tested at a gas rate of  $8.5 \text{ } 10^3 \text{ m}^3/\text{d}$  at 2070 kPa. A pressure test done in July 2010 indicated that the tubing and annulus were in communication; Devon felt commingling the low rate Cadotte with the Deep zones would be more economic than incurring capital expenditure to segregate the formations once again. We concur that commingling the Cadotte with the Cadomin, Gething and Nikanassin zones will ultimately result in increased reserves recovery. All the zones contain sweet gas.

We wish to advise you that your permit is hereby amended to allow commingled production from these zones, under the authority of Section 31 (7) of the *Oil and Gas Activities Act*, subject to the following conditions:

1. Production from the Cadotte (2553.0 – 2563.0 mKB), Gething (2981.0 – 2982.0), Cadomin (3002.5 – 3078.0 mKB), and Nikanassin (3094.0 – 3352.5 mKB) zones may be commingled.
2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Finance S-1, BC S-2 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 will allocate commingled production on the basis of Cadotte 15%, Gething 18%, Cadomin 2% and Nikanassin 65%. The allocation factors may be amended to reflect results of any future tests.

Should you have any questions, please contact the undersigned at (250) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,

  
Richard Slocomb, P. Eng.  
Supervisor, Reservoir Engineering