



November 29, 2010

6480-2540/2800/2850-59070-20

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-040-H/093-I-9; Well Permit # 25710**

The OGC has reviewed your application dated September 10, 2010 requesting approval to commingle gas production from the Falher F, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Falher F “B”, Cadomin “V” and Nikanassin “Y” gas pools.

All subject zones were completed in June and July of 2010. The Falher commenced production in August 2010 at a gas rate of $108 \text{ } 10^3 \text{ m}^3/\text{d}$ and has since declined to a rate of $69 \text{ } 10^3 \text{ m}^3/\text{d}$ as of September. The Cadomin and Nikanassin zones tested at a combined gas rate of $119 \text{ } 10^3 \text{ m}^3/\text{d}$ at 16669 kPa and has not been produced to date. All the zones contain sweet gas. We concur that commingling the Falher F with the Cadomin and Nikanassin zones will assist with lifting liquids and result in increased reserves recovery.

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 Falher F (2700.5 – 2726.5 mKB), Cadomin (2973.5 – 2978.5 mKB and 3110.5 – 3121.0) and Nikanassin (2988.5 – 3020.5 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 Falher F 35%, Cadomin 35% and Nikanassin 30%. 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,

A handwritten signature in blue ink, appearing to read 'Richard Slocomb', is written over a light blue horizontal line.

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering