BC Oil & Gas COMMISSION

August 14, 2009 6480-2540/2700/2800/2850-59070-20

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

Dear Mr. Donohoe:

RE: COMMINGLED PRODUCTION APPROVAL
DEVON ET AL OJAY A- 026-H/093-I-9; WA# 24426

The OGC has reviewed your application dated August 4th, 2009 requesting approval to commingle gas production from the Falher F, Gething, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Falher F "A", Gething "J", Cadomin "D" and Nikanassin "R" gas pools.

All subject zones were completed in March and April of 2009. The Gething, Cadomin and Nikanassin commenced commingled production in April 2009 at a gas rate of 54.8 $10^3m^3/d$ and have declined to the current rate of 27.7 $10^3m^3/d$. The Falher F tested at a 24 hr AOF rate of 46.5 $10^3m^3/d$ and a stabilized six month AOF rate of 9.3 $10^3m^3/d$ and has not been produced to date. All the zones contain sweet gas. We concur that commingling the Falher F with the Gething, Cadomin and Nikanassin zones will result in increased reserves recovery.

We wish to advise you 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 Falher F (2863.5 – 2893.2 mKB), Gething (3079.0 – 3162.3 mKB), Cadomin (3177.0 – 3183.9 mKB) and Nikanassin (3214.4 – 3397.2 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 (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 on the basis of Falher F 35%, Gething 3%, Cadomin 9% and Nikanassin 53%. 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.

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