



OIL AND GAS COMMISSION

February 25, 2004

2920-2600/2700-59070-20
OGC - 04084

Steven Burnside, P.Tech.
BC Asset Team
Dominion Exploration Canada Ltd.
3200, 605 - 5th Avenue S.W.
CALGARY AB T2P 3H5

Dear Mr. Burnside:

**RE: COMMINGLED PRODUCTION APPROVAL
DECL et al CACHE A1-29-88-22 W6M; WA# 11383**

The OGC has reviewed your application received February 4, 2004, for approval to commingle gas production from the Bluesky and Gething zones in the subject well.

The Commission has designated these pools as the Cache Creek field - Bluesky "A" and Gething "B". The Bluesky "A" has produced over half of its expected gas reserves and is currently being produced from four, low-rate gas wells, operated by the applicant. The Gething "B" pool is a 2 well pool with limited aerial extent and no production.

Gas compositions and reservoir pressures are similar for the two zones, both sweet gas at near virgin pressure. Both zones tested at very low gas rates ($2-3 \times 10^3 \text{ m}^3/\text{d}$), as such, commingled completion should allow both zones to be produced in an economic manner, thereby increasing well gas recovery. The proposed completion incorporating a sliding sleeve arrangement will allow zonal isolation, for production testing and avoidance of subsurface cross-flow.

We wish to advise you that your application to commingle production from these two formations is hereby approved, under the authority of section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Bluesky (1045.0 - 1049.0 mKB) and Dunlevy (1092.5 - 1095.0 mKB) formations may be commingled.
2. Gas, condensate and water production should initially be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Bluesky 80% and Gething 20%. 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) 952-0310 or Richard Slocomb (250) 952-0366.

Sincerely,

Peter Attariwala, P.Eng.
Supervisor
Reservoir Engineering

**Approval Letters to Industry
COMMINGLED PRODUCTION**

Copy 8

- | | |
|--------------------------|----------------------|
| <input type="checkbox"/> | Wellfile (originals) |
| <input type="checkbox"/> | 59070-20 |
| <input type="checkbox"/> | Daily |
| <input type="checkbox"/> | Resource Revenue |
| <input type="checkbox"/> | R. Stefik |
| <input type="checkbox"/> | G. Farr |
| <input type="checkbox"/> | P.S. Attariwala |
| <input type="checkbox"/> | D. Krezanoski |
| <input type="checkbox"/> | RICHARD SLOCOMB |

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca

APPROVAL 04-06-029

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION

IN THE MATTER of a Good Engineering Practice (GEP) scheme of Dominion Exploration Canada Ltd. (Dominion) for producing a portion of the Cache Creek Baldonnel "A" pool gas without well spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Dominion for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Dominion to the Commission dated February 3, 2004.

This scheme is approved, subject to the conditions herein contained and, in particular:

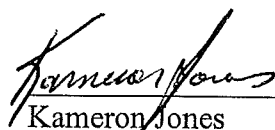
1. The area of the scheme shall consist of:

Twp 88 Rge 22 W6M - sections 21, 22, 27, 28 & fractional sections 33 and 34
94-A-11 Block L - fractional units 4-7.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.

3. The gas wells within the scheme area may be produced without individual well allowable restrictions.

4. This approval may be modified or rescinded at a later date if deemed appropriate.



Kameron Jones
Deputy Commissioner
Oil and Gas Commission

DATED AT the City of Fort St. John, in the Province of British Columbia, this 19th day of March 2004.