OIL AND GAS COMMISSION

March 2, 2007 4390-4900/4900-59070-20

R. A. Pachovsky, P. Eng.
Senior Staff Engineer
Duvernay Oil Corp.
1500, 202-6th Avenue S.W.
CALGARY AB T2P 2R9

Dear Mr Pachovsky:

RE: APPLICATION FOR COMMINGLED PRODUCTION
DUVERNAY GROUNDBIRCH 10-14-78-19 W6M; WA# 21277

The OGC has reviewed your application dated January 16, 2007 for approval to commingle gas production from the Upper Doig and Lower Doig zones completed in the subject well.

The Commission has designated the Upper Doig as Doig "A" and Lower Doig as Doig "B" gas pools in the Groundbirch field.

The Doig "A" has been mapped as part of a large multiwell pool while the Doig "B" is a single well pool, all operated by Duvernay. Both pools were perforated, fracture stimulated and production tested individually. At this time only the test gas production is available. The Doig "A" is a sour gas pool while the Doig "B" is condensate rich sweet gas pool. We concur that commingled production through the tubing will increase tubular velocity thereby lifting condensate from the Doig "B" pool. This should result in maximization of resource recovery from both pools.

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 Doig A (2441.0 – 2446.0 mKB) and Doig B (2491.0 – 2496.0 mKB) pools 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:

	Doig A	Doig B
Gas	40%	60%
Condensate	0%	100%
Water	40%	60%

3. A segregated Doig B reservoir pressure may be required at a future date to enable more accurate reserves determination. The production string has been configured with a sliding sleeve to enable segregated testing.

4. 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) 952-0366.

Sincerely,

Richard Slocomb, P. Eng.
Supervising Reservoir Engineer
Resource Conservation Branch