



August 13, 2008

4390-4900/4980/5000-59070-20

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: COMMINGLED PRODUCTION APPROVAL
DUVERNAY GROUNDBIRCH 8-11-78-19 W6M; WA# 21147

Commission staff have reviewed your application dated July 30, 2008, for approval to commingle gas production from the Doig, Doig Phosphate and Montney zones encountered in the subject well.

The Commission has designated these gas pools as the Groundbirch – Doig “A”, Doig Phosphate Beds “B” and the Montney “A”. This well is located within Good Engineering Practice approvals for reduced spacing development for both the Doig and Montney formations. Segregated production and reservoir test locations are in close proximity.

Initial completion operations were performed in August 2006, with the Doig testing at 51.3×10^3 m³/d, the Doig Phosphate at 8.9×10^3 m³/d and the Montney at 13.8×10^3 m³/d. Duvernay placed all three zones on production in November 2006 with the Doig Phosphate and Montney producing up the tubing and the Doig up the tubing/casing annulus. Duvernay initially evaluated the Doig Phosphate as part of the Upper Montney and therefore had commingled production from these two zones. Currently the Doig is producing at 6.7×10^3 m³/d, while the commingled Doig Phosphate and Montney are producing at 1.5×10^3 m³/d. Doig Phosphate and Montney gas is sweet, while Doig gas is somewhat sour at 0.1% H₂S. All three zones have similar pressures. Commingled production is expected to maximize production and reserve recovery.

Approval is hereby granted for commingled production from these formations, under the authority of section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Doig (2583.0 – 2588.0 mKB), Doig Phosphate Beds (2691.0 – 2694.0 mKB) and Montney (2862.0 – 2866.0 mKB) formations may be commingled.

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RESOURCE CONSERVATION

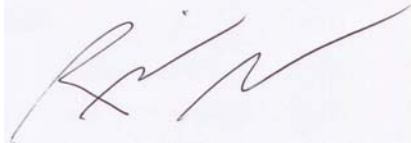
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2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1, BC S-2 and BC-08 forms on the basis of Doig 80%, Doig Phosphate Beds 10%, and Montney 10%. The allocation factors may be amended to reflect 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) 952-0366.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering