



May 30, 2008

4390-4900/5000-59070-20

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 13-3-79-19 W6M; WA# 23218**

Commission staff have reviewed your application dated April 22, 2008, for approval to commingle gas production from the Doig and Montney zones encountered in the subject well.

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. The well 13-3 constitutes the 5th Doig completion in this section. The offsetting section 33-78-19 contains two Montney wells, with additional Montney development expected.

Initial reservoir pressure measurement and deliverability test reports have been received for both the Doig and Montney formations in this well. The higher measured pressure in the Montney should not have any negative effect on commingled gas recovery. Stabilized rates are predicted to be about 1/3 of initial gas flow rates, as expected in these low permeability formations. Montney gas is sweet, Doig gas somewhat sour at 0.3% H₂S, combined gas analysis would indicate contribution from each formation. 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 (2344.0 -2349.0) and Montney (2490.0 – 2658.0) formations may be commingled.
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 S-8 forms on the basis of H₂S composition of the gas stream analysis, with monthly sampling until consistent results are obtained.
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.

Sincerely,

Ron Stefik, ASCT
Sr. Reservoir Engineering Technologist

RESOURCE CONSERVATION

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