

February 19, 2010

4380-2200/2500/2800/2850-59070-20

Ralph White, P. Eng.  
Exploitation Engineer, BC Foothills  
Canadian Natural Resources Ltd.  
2500, 855 – 2<sup>nd</sup> Street SW  
Calgary AB T2P 4J8

Dear Mr. White:

**RE: COMMINGLED PRODUCTION APPROVAL  
CNRL N GRIZZLY b-27-H/093-I-15; WA# 18372**

Commission staff have reviewed your application, dated February 12, 2010 requesting approval to commingle gas production from Grizzly North Unit #1 Cadotte “B”, Falher “A”, Cadomin and Nikanassin “C” pools completed in the subject well. This well is located within the Outer Foothills Area Commingled Production approval, issued March 10, 2008, allowing commingling by notification. However, as the zones of application fall within both the shallow and deep categories, an application is required.

Commingled production approval was granted November 24, 2005 for the Cadotte and Falher (prior to the Area approval). Cadotte/Falher aggregate production has declined from 91 10<sup>3</sup>m<sup>3</sup>/d to 8 10<sup>3</sup>m<sup>3</sup>/d, for a cumulative volume of 74.2 10<sup>6</sup>m<sup>3</sup>.

The Cadomin and Nikanassin zones were completed together, up a separate tubing string from the shallower zones, however the Cadomin has been designated as non-pay quality by the OGC, with no production allocation. The Cadomin/Nikanassin commenced production at a rate of 23 10<sup>3</sup>m<sup>3</sup>/d, for a cumulative volume of 27.0 e<sup>6</sup>m<sup>3</sup>.

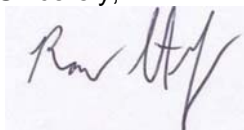
A recent mechanical issue with the wellbore, likely parted tubing, is resulting in production loss due to liquid loading.

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 Cadotte (1899.0 – 1902.0 mKB), Falher (2016.0 – 2018.0 mKB), Cadomin (2540.0 – 2543.0 mKB) and Nikanassin (2681.5 – 2799.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Finance BC S-1, BC S-2 and BC-08 forms on the basis of; Cadotte 35% , Falher 25%, Cadomin 0% & Nikanassin 40%. The allocation factors may be amended to reflect results of any future tests.
3. The OGC form “Notice of Commingled Well Production” must be submitted within 30 days of commencement of operation in an unsegregated state.
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) 419-4430.

Sincerely,



Ron Stefik, ASCT  
Sr. Technical Advisor, Reservoir Engineering