



September 17, 2004

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OGC - 04273

Approval Letters to Industry
COMMINGLED PRODUCTION

Copy 8

Wellfile (originals)
59070-20
Daily
Resource Revenue
R. Stefik
G. Farr
R Slocomb
D. Krezanski

Alan Drew-Brook
Exploitation Engineer
Husky Oil
707 8th Avenue S.W.
Box 6525, Station D
Calgary AB T2P 3G7

Dear Mr. Drew-Brook:

RE: COMMINGLED PRODUCTION APPROVAL
HUSKY EKWAN d-014-C/094-I-09; WA# 17032

The Oil and Gas Commission has reviewed your application dated July 28, 2004, requesting approval to commingle gas production from the Bluesky and Elkton zones in the subject well. The Commission has designated the gas pools under application to be the Bluesky "A" and Elkton "A" pools.

This well was part of a five well pool application for commingled production. The base of the Bluesky porosity and the top of the Elkton porosity are separated by only a couple of metres of tight shale. The close proximity of these two zones has resulted in both zones being commingled behind casing as a result of the completion and stimulation operations. Both zones were tested commingled at a rate of 36.0 10³m³/d. Segregated production from the Bluesky and Elkton is not possible due to the communication established behind the casing. Both zones are sweet gas with similar reservoir pressures.

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 Bluesky (391.5 – 394.0 mKB) and Elkton (398.0 – 402.0 mKB) formations may be commingled.
2. Gas, water and condensate production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Bluesky 40% and Elkton 60%. 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.

Please note that the Bluesky and Elkton zones are currently held under DL 53448 please ensure that a Petroleum and Natural Gas Lease selection is made prior to any production. Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,

Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

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