



OIL AND GAS COMMISSION

August 26, 2005

3450-2600/7450-59070-20
OGC - 05237

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 c-029-B/094-I-09; WA# 19114

The Oil and Gas Commission has reviewed your application dated May 5, 2005, 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 Ekwan Field - Bluesky "A" and Elkton "A" pools.

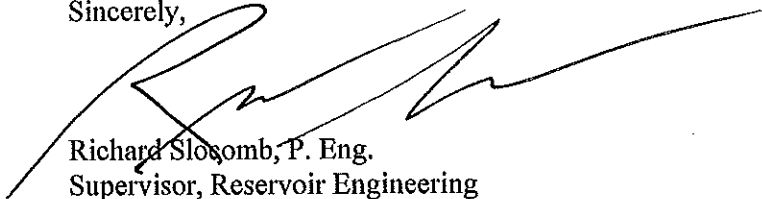
The Bluesky and Elkton are both multi-well pools. The base of the Bluesky porosity and the top of the Elkton porosity are separated by only a few metres of tight shale. The close proximity of these two zones can result in both zones being commingled behind casing after fracture stimulation. The Commission has determined that segregated flow testing of each zone is not required as the data in most instances is not representative of flow from one zone. Allocation factors will be determined using pay thickness, porosity and water saturation information. Commingled production is expected to maximize production and recovery from these two zones. 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 (385.5 – 389.0 mKB) and Elkton (393.5 – 398.5 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 55 % and Elkton 45 %. 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,



Richard Slocumb, P. Eng.
Supervisor, Reservoir Engineering

Approval Letters to Industry
COMMINGLED PRODUCTION
Copy 8

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

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