



September 17, 2004

4656  
-3450-2600/7450-59070-20  
OGC - 04271

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

**Approval Letters to Industry  
COMMINGLED PRODUCTION**

Copy 8

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R Slocomb
<input type="checkbox"/>	D. Krezanoski

Dear Mr. Drew-Brook:

**RE: COMMINGLED PRODUCTION APPROVAL  
HUSKY HAY c-094-K/094-I-08; WA# 17210**

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. Although close proximity of these two zones can result in both zones being commingled behind casing a tracer log indicated that both fracture stimulations were likely contained within their respective zones. The Bluesky was tested at a rate of 10.7 10<sup>3</sup>m<sup>3</sup>/d while the Elkton flowed at 6.4 10<sup>3</sup>m<sup>3</sup>/d. Segregated production from the Bluesky and Elkton may be possible, however low flow rates during testing and difficulties providing year round well servicing makes these two zones good candidates for commingled production. Additionally 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 (406.0 – 409.0 mKB) and Elkton (420.0 – 426.0 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 45% and Elkton 55 %. The allocation factors may be amended to reflect results of any future tests.
3. A sliding sleeve shall be maintained to enable zonal isolation for the duration of any extended shut-in period and to allow current reservoir pressures to be taken from each zone.
4. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

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**RESOURCE CONSERVATION BRANCH**

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291  
Location: 6<sup>th</sup> Flr 1810 Blanshard St. Victoria BC

Headquarters: #200, 10003 110<sup>th</sup> Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744  
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Please note that the Bluesky and Elkton zones are currently held under DL 53212 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,

A handwritten signature in black ink, appearing to read 'Richard Slocomb', written in a cursive style.

Richard Slocomb, P. Eng.  
Supervisor, Reservoir Engineering