

September 22, 1997

3410-7600-59070-20
970844

Ms. Lily Lau-Porta
Reservoir Engineering Advisor
ISH Energy Ltd.
2450, 400 - 3rd Ave S.W.
Calgary, AB T2P 4H2

Dear Ms. Lau-Porta:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
DESAN FIELD - PEKISKO & SHUNDA FORMATIONS**

The Ministry has reviewed your applications dated February 11th and 24th, 1997, requesting permission to commingle oil production from the Pekisko and Shunda formations in a number of wells within the Desan field.

Reservoir pressure and fluid composition are similar for the two pools. Commingling of production should improve operations economics while not adversely effecting oil recoveries.

We wish to advise you that your application to commingle production from these two formations is hereby approved, under the authority of section 44 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Pekisko and Shunda formations may be commingled for the following wells;

ISH et al Desan d-77-D/94-P-7	WA# 9725
ISH et al Desan d-94-D/94-P-7	WA# 5982
ISH et al Desan d-A95-D/94-P-7	WA# 5884
ISH et al Desan d-01-E/94-P-7	WA# 5993
ISH et al Desan d-15-E/94-P-7	WA# 6043
ISH et al Desan d-22-E/94-P-7	WA# 6027
2. Oil, gas and water production should be allocated on the BC S-1 and BC S-2 forms on the basis of Pekisko 70% and Shunda 30%.

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3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bou van Oort', written in a cursive style.

Bou van Oort, P. Eng.
Director
Engineering and Operations Branch