



May 4, 2006

8260-2600/5850-4100-59070-20
OGC - 06177

Brent J. McGillivray, P. Eng.
Sr. Exploitation Engineer
Ketch Resources Trust
Suite 300, 440 - 2 Avenue SW
Calgary AB T2P 5E9

Dear Mr. McGillivray:

**RE: APPROVAL FOR COMMINGLED PRODUCTION
KRL WARGEN d-53-D/94-H-6; WA# 5091**

The Commission has reviewed your application dated March 14, 2006 for approval to commingle gas production from the Bluesky and Baldonnel zones encountered in the subject well.

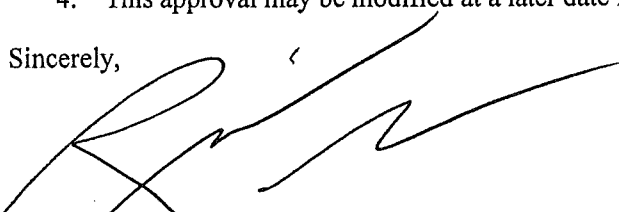
The Commission has designated the gas pools under application to be the Wargen - Bluesky "D" and Martin - Baldonnel "A". The Bluesky "D" is a small single well pool whereas the Baldonnel "A" is a large multi-well pool.

The well was originally drilled in December 1979 and completed in February 1994. The Bluesky and Baldonnel were acidized, frac'd and tested. However, due to no gas flow a bridge plug was placed to abandon the Baldonnel. The Bluesky was production tested in August 2005 with final gas rate of 2.9 10³ m³/d. Both zones in this well were re-perforated and fracture stimulated in January 2006. The Bluesky zone is currently capable of 2.0 10³ m³/d whereas the Baldonnel zone is capable of 4.9 10³ m³/d. Both zones produce sweet gas. Devon Canada, operator of offsetting wells in the Martin - Baldonnel "A" pool, has provided a letter of no objection to the commingling proposal. Commingled completion should allow potentially marginal Bluesky and Baldonnel zones to be produced, thereby increasing gas recovery.

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 (1129.0-1134.0 mKB) and Baldonnel (1169.0-1183.0 mKB) formations may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Bluesky 30% and Baldonnel 70%. The allocation factors may be amended to reflect the results of any future tests.
3. A segregated reservoir pressure must be obtained from the Baldonnel prior to December 31, 2006 or once conditions allow access.
4. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Sincerely,


Richard Slocomb, P. Eng.
Supervisor, Reservoir Engineering

**Approval Letters to Industry
COMMINGLED PRODUCTION**

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<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input type="checkbox"/>	Dally
<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

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