



January 9, 2008

7780-2630/4800-59070-20

Richard E. Arab
V.P. Operations
Livingston Energy Ltd.
400, 703 – 6th Ave S.W.
CALGARY AB, T2P 0T9

Dear Mr. Arab:

**RE: COMMINGLED PRODUCTION APPROVAL
LIVINGSTON SILVER a-52-L/94-H-11; WA# 22390**

Commission staff have reviewed your application dated December 13, 2007, for approval to commingle gas production from the Bluesky and Halfway formations in the subject well.

The OGC designates the gas pools under application to be the Silver field, two well Bluesky-Gething “D” and multi-well Halfway “G” pools. The Halfway has been producing up the tubing, at rates averaging less than $1.0 \times 10^3 \text{ m}^3/\text{d}$, since March 2007. The Bluesky-Gething has tested via the tubing/casing annulus at similar low rates. Liquid loading has been identified as an issue for both zones.

Gas analyses indicate sweet gas from each formation. Commingled production will allow plunger lift operation in the wellbore, permitting continuous production thereby maximizing reserves recovery.

We wish to advise 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-Gething (964.8 – 966.3 mKB) and Halfway (983.0 – 987.0 mKB) may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1, BC S-2 and BC-08 forms on the basis of Bluesky-Gething 40 % and Halfway 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.

Exemption from the requirement for absolute open flow testing and reporting is hereby granted under Section 84(2) of the *Regulation*, for both zones, due to the low gas rates. Satisfactory tests of the initial reservoir pressure have been received for each.

Should you have any questions, please contact the undersigned at (250) 952-0310.

Sincerely,

Ron Stefik, ASCT
Sr. Reservoir Engineering Technologist

RESOURCE CONSERVATION

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