



June 11, 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 c-023-L/94-H-11; WA# 23553**

Commission staff has reviewed your application dated April 23, 2008, for approval to commingle gas production from the Bluesky and Halfway formations in the subject well.

The OGC has designated the gas pools to the Silver – Bluesky-Gething “D” and Halfway “G” multi-well gas pools. Currently, there are 3 wells producing from the Bluesky-Gething “D” pool and 7 wells producing from the Halfway “G” pool. Commingling from these pools was previously approved for well a-52-L/94-H-11 (WA # 22390).

The Halfway was perforated on January 22, 2008 and fractured February 2, 2008. The well flowed at $14.3 \text{ } 10^3 \text{ m}^3/\text{d}$ @ 1309 kPag. The Bluesky-Gething was perforated on February 5, 2008 and due to lack of flow response was not fracture stimulated. The well tested at $17.1 \text{ } 10^3 \text{ m}^3/\text{d}$ @ 1429 kPag, with both zones open to flow. Due to the vertical proximity of the zones, it is possible communication was established during the Halfway fracture treatment. In February 2008, the well commenced sales production in a commingled state at $12.8 \text{ } 10^3 \text{ m}^3/\text{d}$. The Commission would like to remind Livingston that as per s. 41 of the *Drilling and Production Regulation*:

“An operator of a well must not complete a well, or allow a well to be completed, for commingled production from more than one pool or zone unless the operator first applies for and receives permission in writing from an authorized commission employee”.

Gas analyses indicate sweet gas from each formation. Commingled production through a single production string is expected to maximize production and reserve recovery from both zones.

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 (1003.0 – 1005.0 mKB) and Halfway (1023.5 – 1028.5 mKB) may be commingled.

2...

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St. Victoria BC

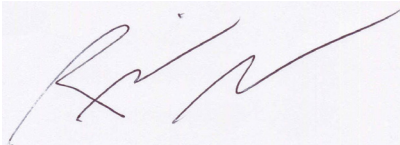
Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5700 Fax: (250) 261-5744 www.ogc.gov.bc.ca

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 10 % and Halfway 90 %. 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,

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering