



February 19, 2007

6200/2700-6460/4100-59070-20

Brad Wilson  
Manager, Production and Operations  
Monterey Exploration Ltd.  
1800, 407 – 2<sup>nd</sup> Street S.W.  
Calgary AB T2P 2Y3

Dear Mr. Wilson:

**RE: COMMINGLED PRODUCTION APPROVAL  
MONTEREY ET AL OAK 4-36-86-19 W6M; WA# 21309**

Commission staff have reviewed the application dated September 28, 2006 (prepared by Fekete Associates Inc.) requesting permission to commingle gas production from the Gething and Baldonnel formations in the subject well.

The Commission designates the gas pools under application, due to overlapping field boundaries, as the Montney - Gething “B” and Oak - Baldonnel “C”.

The Gething is mapped as a single well pool with last reported gas production in December 2006 of  $3.3 \times 10^3 \text{ m}^3/\text{d}$ . The Baldonnel zone, tested at  $12.4 \times 10^3 \text{ m}^3/\text{d}$ , is within a pool with multiple wells exhibiting modest production rates. Baldonnel gas is slightly sour as compared to Gething sweet gas, however no potential crossflow issue is expected. Commingled production should help alleviate liquid loading, increasing the productive life of the well and thereby maximizing recoverable reserves.

The 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 Gething (1135.0 – 1141.0 mKB) and Baldonnel (1227.5 – 1232.0 mKB) zones 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 Gething 60% and Baldonnel 40%. 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.

Sincerely,

Ron Stefik, AScT  
Sr Reservoir Engineering Technologist

cc: Barry Brathwaite, Fekete Associates Inc.

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