



May 2, 2005

5170-1420/2200/2510-59070-20
OGC - 05147

Glen Kenealey
VP Engineering and Operations
Peregrine Energy Ltd.
Suite 540, 734 - 7th Avenue SW
CALGARY AB, T2P 3P8

Dear Mr Kenealey:

RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL
Avenir Kelly a-67-G/093-P-01; WA# 11481

The OGC has reviewed your application dated March 17, 2005, for approval to commingle gas production from the Doe Creek, Cadotte, and Falher B formations in the subject well.

The Commission has designated the gas pools under application to be the Kelly - Doe Creek "C", Cadotte "F", and Falher B "C". The Cadotte and Falher B zones were granted approval for commingled production on July 30, 1999. The Doe Creek zone was recently completed and tested at 7.7 10³ m³/d. The OGC has mapped this zone as a three well pool. All three zones are sweet gas with the Cadotte at higher relative pressure than the Doe Creek and Falher B. A sliding sleeve will be installed to allow the segregation of the Doe Creek zone from the Cadotte and Falher B zones. Commingled production is expected to maximize production and recovery from these three zones.

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 Doe Creek (1491.0 - 1494 mKB), Cadotte (2326.0 - 2331.0 mKB), and Falher B (2483.0 - 2487.0 mKB) formations may be commingled.
2. Gas, water and condensate production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Doe Creek 50%, Cadotte 30 %, and Falher B 20 %. The allocation factors may be amended to reflect results of any future tests.
3. A segregated production test and reservoir pressure must be obtained from the Doe Creek zone on, or shortly after, the one year anniversary of commencement of production from this zone.
4. 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,

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"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	R. Steflk
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R Slocomb
<input type="checkbox"/>	D. Krezanoski

RESOURCE CONSERVATION BRANCH

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