



August 12, 2004

5200-4500/4800-59070-20
OGC - 04246

Kathy Cheung
Production Engineering Co-op
Petro-Canada Oil and Gas
P.O. Box. 2844
Calgary AB T2P 3E3

**Approval Letters to Industry
COMMINGLED PRODUCTION.**

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| Copy | 8 |
| | Wellfile (originals) |
| | 59070-20 |
| | Daily |
| | Resource Revenue |
| | R. Stefik |
| | G. Farr |
| | Antonianna |
| | D. Krezanoski |
| | R. SLOCOMB |

Dear Ms. Cheung:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
PEX KOBES d-94-I/094-B-08; WA# 141**

The Commission has reviewed your application dated August 3, 2004 requesting permission to commingle gas production from the Charlie Lake and Halfway zones encountered in the subject well.

The Commission has designated the gas pools under application to be the Kobes field Charlie Lake "B" and Halfway "A" pools.

The Charlie Lake "B" and Halfway "A" pools are mature near depleted multi-well gas pools with over 35 years production history. The majority of the wells within both pools are operated by Petro-Canada, with all of the off-setting production coming from Petro-Canada operated wells. Therefore, correlative rights should not be an issue.

The Charlie Lake is currently producing at 11.5 10³m³/d and the Halfway is producing at 12.0 10³m³/d, resulting in both zones producing below their respective liquid loading rates. As such, commingled production should allow for maximization of production and recovery. Gas compositions are similar for the two zones, both being sour. Reservoir pressures are also similar with both zones being depleted with pressures recorded in the 3400 kPag range on August 15, 2002.

We wish to advise you that your application to commingle production from these two pools is hereby approved, under the authority of section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Charlie Lake (1371.5-1392.3 mKB) and Halfway (1465.7-1548.3 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of Charlie Lake 35 % and Halfway 65%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

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RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291
Location: 6th Flr 1810 Blanshard St. Victoria BC

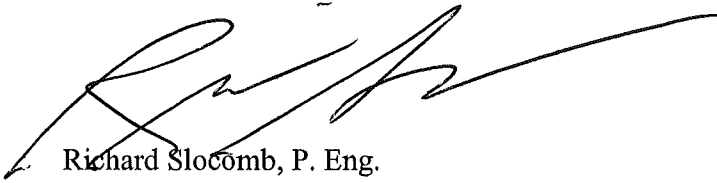
Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5700 Fax: (250) 261-5744
www.ogc.gov.bc.ca

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If you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Slocomb', with a long horizontal flourish extending to the right.

Richard Slocomb, P. Eng.
Supervisor,
Reservoir Engineering