



OIL AND GAS COMMISSION

May 18, 2006

5400-7390/7420-59070-20

Stu Wilson, P. Eng.  
VP, Operations  
RedStar Oil and Gas Inc.  
700, 520 – 5th Avenue S.W.  
CALGARY AB T2P 2V6

OIL AND GAS COMMISSION

MAY 18 2006

Dear Mr. Wilson:

**RE: APPLICATION FOR COMMINGLED PRODUCTION**  
**RStar et al Kotcho d-A85-C/94-P-3; WA# 20781**

The OGC has reviewed your application dated May 11, 2006, requesting approval to commingle gas production from the Upper Debolt and Lower Debolt formations in the subject well.

The Commission has designated the gas pools under application to be the Kotcho Lake – Upper Debolt “A” and Lower Debolt “A”.

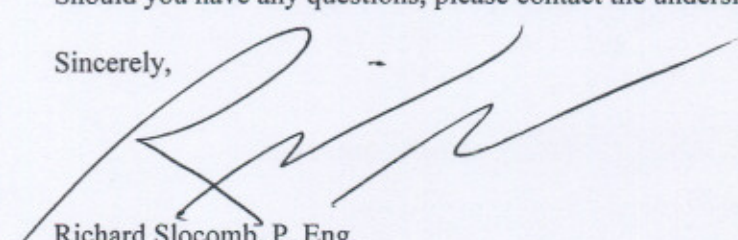
On March 8, 2006 the Commission granted interim approval for commingled production for the subject well. As a condition of interim approval, information regarding well test deliverability, initial reservoir pressure and gas analyses for each producing zone were required. RedStar has provided this information to the Commission as part of their formal application for commingled production approval. Furthermore this information indicates that both zones are sweet gas with similar initial reservoir pressures. Commingled production is expected to maximize production and reserve recovery from both 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 Upper Debolt (641.5 – 643.5 mKB) and Lower Debolt (667.0 – 671.5 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 Upper Debolt 42 % and Lower Debolt 58 %. 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,

  
Richard Slocomb, P. Eng.  
Supervising Reservoir Engineer

**Approval Letters to Industry  
COMMINGLED PRODUCTION**

Copy 8

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input checked="" type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	R Slocomb
<input type="checkbox"/>	D. Krezanoski

**RESOURCE CONSERVATION BRANCH**

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