



June 4, 2007

9000-2200/2500 & 2800/2850-59070-20

Germen Ypma
Reservoir Specialist
Shell Canada Limited
400 4th Avenue S.W.
PO Box 100 Station M
Calgary Alberta T2P 2H5

Dear Mr. Ypma:

RE: INTERIM COMMINGLED PRODUCTION APPLICATION
SHELL OJAY c-43-J/93-I-09; WA# 20768

The Commission has reviewed your application dated April 12, 2007 requesting interim approval to commingle gas production from Cadotte with Falher and Cadomin with Nikanassin formations in the subject well.

The subject well has recently been drilled and is currently awaiting completion. Shell is proposing to commingle Cadotte and Falher for production through the tubing/casing annulus whereas commingled Cadomin and Nikanassin will be produced through the tubing. The subject well has intersected a fault resulting in repeat Cadomin and Nikanassin intervals. Several wells in the Ojay areas have been granted approval for commingled production from the Cadotte/Falher and Cadomin/Nikanassin zones in order to optimize production and gas recovery. Based on data from offsetting wells, all pools contain sweet gas and reservoir pressures are expected to be similar for the proposed commingled zones.

We wish to advise you that your application to commingle production is hereby granted **interim** approval, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions being met:

1. Production from the Cadotte/Falher and Cadomin/Nikanassin formations may be commingled.
2. A production test must be completed to establish the AOF and initial reservoir pressure for the Cadotte and Falher zones and reports filed as per the requirements of Sections 84 and 95 of the *Regulation*.
3. The Cadomin and Nikanassin intervals may be completed and stimulated together as one zone and may be flowed commingled on clean up.

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RESOURCE CONSERVATION BRANCH

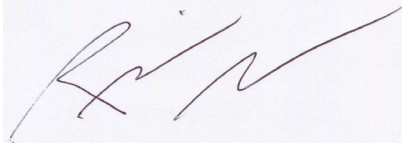
PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St. Victoria BC

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4. A production log must be run over the Cadomin and Nikanassin zones to establish production allocation.
5. Segregated production of the Falher or Cadotte zones may be required should the normalized inflow capability of either zones exceed $100.0 \times 10^3 \text{ m}^3/\text{d}$.
6. A formal application for commingled production must be submitted with supporting test data, production logging results, gas analysis and proposed allocation factors for production reporting both gas and liquids.
7. Formal approval for commingled production **will not** be authorized until all of the conditions above have been met.

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.
Supervising Reservoir Engineer