



January 29, 2007

9000-2700/2800/2850-59070-20

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: APPLICATION FOR INTERIM COMMINGLED PRODUCTION
SHELL OLD WIVES d-50-I/93-I-09; WA# 20391**

The OGC has reviewed your application dated January 15, 2007 for interim approval to commingle gas production from Gething, Cadomin and Nikanassin formations in the subject well.

The subject well appears to have intersected a fault as well logs indicate a repeat Gething, Cadomin and Nikanassin section. The lower Gething does not look prospective on logs and will not be completed at this time. It is anticipated that the repeat sections will have similar pressures. Therefore, Shell has proposed obtaining segregated flow and buildup information on one zone in each of the repeat sections; specifically the lower Nikanassin interval and the upper most Cadomin interval. This will allow for operational efficiency while still satisfying minimum data collection requirements. Shell has also committed to performing a data-frac on one of the two Cadomin intervals for comparison with the initial pressure obtained from the flow and build-up data.

Several wells in the Ojay and Hiding areas have been granted approval for commingled production from the Cadomin and Nikanassin zones in an effort to achieve economic production from these tight formations while enabling additional production from shallower more conventional reservoirs. Both zones are expected to contain sweet gas at similar reservoir pressures. The Cadomin and Nikanassin zones have typically been commingled in this area in order to optimize production and recovery.

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 Gething, Cadomin and Nikanassin formations may be commingled.
2. A production test must be completed to establish the AOF and initial reservoir pressure for the lower Nikanassin, upper Cadomin and upper Gething intervals, and reports filed as per the requirements of Sections 84 and 95 of the *Regulation*.
3. The upper 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

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

4. The lower Cadomin and Nikanassin intervals may be completed and stimulated together as one zone and may be flowed commingled on clean up.
5. A production log must be run to establish production allocation for each of the commingled zones.
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. Should productivity from the Gething formation exceed a normalized inflow capability of $60.0 \times 10^3 \text{ m}^3/\text{d}$, segregated production may be required.
8. 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 'Richard Slocomb', is written over a light blue rectangular background.

Richard Slocomb, P. Eng.
Supervising Reservoir Engineer