



February 17, 2006

2020-4540/4800-59070-20  
OGC – 06061

Barry Martin  
Signalta Resources Ltd.  
1000, 605 5<sup>th</sup> Avenue SW  
CALGARY AB, T2P 3H5

**Approval Letters to Industry  
COMMINGLED PRODUCTION**

Copy 8

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

Dear Mr Martin:

**RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL  
SIGNALTA BOUNDARY N 14-31-87-14 W6M; WA# 5958**

The OGC has reviewed your application dated July 22, 2005, for approval to commingle oil production from the Coplin and Halfway formations in the subject well.

The Commission has designated the oil pools under application to be the Boundary Lake North – Coplin “J” and Halfway “I”. The Halfway zone in the subject well commenced production March 1984 and produced until November 2001, producing 5652 m<sup>3</sup> of oil. The Halfway is part of a mature four well oil pool which commenced production since December 1973. The Coplin zone in the subject well was recently completed, swab tested and subsequently commingled with the Halfway. The Commission is disappointed with Signalta’s decision to commingle these two zones prior to formal approval being granted by the OGC. Coplin oil production is unusual in the Boundary Lake North area and segregated production information may have proved beneficial. These two zones are currently producing at a commingled rate of 2.8 m<sup>3</sup>/d. Both zones appear to have limited remaining recoverable reserves and as such reverting to segregated production at this time would not be considered appropriate. The Halfway is slightly sour while the Coplin is sweet. Both zones are at similar reservoir pressures.

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 Coplin (1275.0-1275.8 mKB) and Halfway (1324.0 – 1328.0 mKB) formations may be commingled.
2. Oil, gas and water production should be allocated on the Ministry of Provincial Revenue BC S-1 and BC S-2 forms on the basis of:

	Coplin	Halfway
Oil	70%	30%
Gas	90%	10%
Water	0%	100%

2...

**RESOURCE CONSERVATION BRANCH**

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

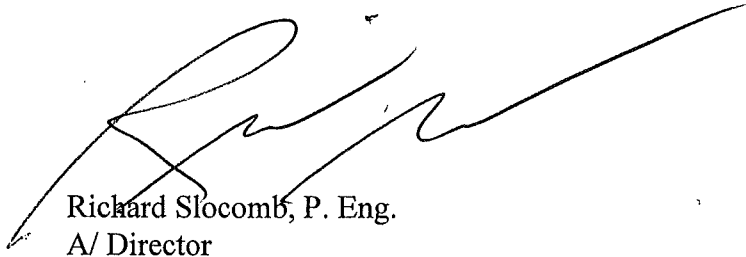
Headquarters: #200, 10003 110<sup>th</sup> Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5700 Fax: (250) 261-5744  
www.ogc.gov.bc.ca

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,

A handwritten signature in black ink, appearing to read 'Richard Slocomb', written over a printed name and title.

Richard Slocomb, P. Eng.  
A/ Director