



February 17, 2006

2020-4540/4800-59070-20
OGC – 06060

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

Approval Letters to Industry
COMMINGLED PRODUCTION
Copy 8

	Wellfile (originals)
	59070-20
	Daily
	Resource Revenue
	R. Stefik
	G. Farr
	R Slocomb
	D. Krezanoski

Dear Mr Martin:

**RE: APPLICATION FOR COMMINGLED PRODUCTION APPROVAL
SIGNALTA BOUNDARY N 12-29-87-14 W6M; WA# 16730**

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 “D”. The Halfway zone in the subject well has been on production since March 2004, with sporadic production ranging between 4.0 and 0.5 m³/d. The Halfway is part of a mature four well 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 1.5 m³/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 (1339.0-1340.0 mKB) and Halfway (1389.0 – 1393.0 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 85 % and Halfway 15 %. 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.

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RESOURCE CONSERVATION BRANCH

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Location: 6th Flr 1810 Blanshard St. Victoria BC

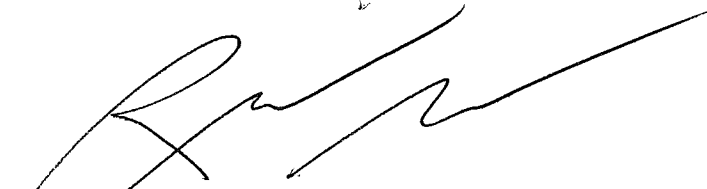
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Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,



Richard Slocomb, P. Eng.
A/ Director