

March 31, 2011

5852-6210/7100-59070-20

Rob Poole, P.Eng.
STX Energy Canada
#2711 308 4th Avenue, SW,
Calgary AB T2P 0H7

Dear Mr. Poole:

RE: TEMPORARY COMMINGLED PRODUCTION SPECIAL PROJECT
STX MAXHAMISH C-075-H/094-O-11; WA # 13590

The OGC has reviewed your application dated March 22, 2011 requesting approval to commingle gas production from the Fantasque and oil production from the Mattson formations in the subject well. The Commission has designated the zones under application to be part of the Maxhamish field – Fantasque “A” gas pool and Mattson “J” oil pool.

The subject well was rig released in January, 2001. The Mattson formation was perforated and swab tested oil and water. A PeneDRILL tool was subsequently run to reduce the zone’s high skin factor. The Mattson was swab tested again and flowed oil and water with no indication of gas volumes. The Mattson was then suspended below a bridge plug and the Fantasque was completed, tested and ultimately placed on production. The Fantasque has produced 8.9×10^6 m³ of gas since September 2005 and is currently producing at a rate of 3.6×10^3 m³/d. STX Energy proposes to re-complete the Mattson oil zone by perforating additional intervals at 963.5-966.0 mKB and 970.0-975.0 mKB and commingling with the Fantasque formation.

Attached please find Order 11-20-010 designating an area in the Maxhamish field within the subject formations a Special Project under section 75 of the *Oil and Gas Activities Act* for Commingled Production. Please note that commingled production operations will be subject to periodic review and the Commission may modify the Order, if deemed appropriate.

Please note that oil production from the Mattson formation is subject to a daily oil allowable of 10.0 m³/d, as per section 54(2) of the Drilling and Production Regulation. A Production Allowable Report must still be submitted to this office on a monthly basis, as outlined in Section 59(2)(b) of the Regulation. For an up-to-date form and instructions, visit the Industry Zone section of our website at www.ogc.gov.bc.ca, and click on “Forms and Guidelines - Resource Conservation”.

Should you have any questions, please contact Richard Slocomb at (250) 419-4421.

Sincerely,



Alex Ferguson
Commissioner
Oil and Gas Commission

Attachment

IN THE MATTER of an application from STX Energy Canada Inc. to the Oil and Gas Commission (Commission) dated March 22, 2011 for Commingled production approval.

ORDER 11-20-010

1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Maxhamish field – Fantasque “A” and Mattson “A” pools are designated as a special project for the enhanced recovery of petroleum and natural gas by commingled production within the following area;

NTS 094-O-11 Block H – units 74, 75, 84, 85

2 Under section 75(2) of the *Oil and Gas Activities Act*, the special project designation in this Order is subject to the following conditions:

a) Production from the Fantasque (939.0 – 953.0 mKB) and Mattson (963.5 – 978.0 mKB) zones may be commingled through the well STX MAXHAMISH c-075-H/094-O-11 (WA # 13590).

b) Gas, condensate and water production from the commingled well must be allocated on the Ministry of Finance BC-S1, BC-S2 and BC-08 forms on the basis of Fantasque as per the attached schedule 1 and Mattson 100% oil production and balance of gas, condensate and water production.

c) This approval is valid until December 31, 2011.



Alex Ferguson
Commissioner
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 3rd day of March 2011.

Schedule 1

Fantasque production allocation, producing days:

Date	Gas ($10^3 \text{ m}^3/\text{d}$)	Condensate (m^3/d)	Water (m^3/d)
April 2011	3.49	0.061	0.035
May 2011	3.47	0.061	0.035
June 2011	3.44	0.060	0.034
July 2011	3.42	0.060	0.034
August 2011	3.39	0.059	0.034
September 2011	3.37	0.059	0.034
October 2011	3.35	0.059	0.033
November 2011	3.32	0.058	0.033
December 2011	3.30	0.058	0.033