



December 16, 2011

6480-2500//2700/2800/2850-59070-20

Jeff Yip
Talisman Energy Inc.
2000, 888 – 3rd Street SW
Calgary AB T2P 5C5

Dear Mr. Yip:

RE: COMMINGLED PRODUCTION SPECIAL PROJECT
TALISMAN ET AL OJAY c-084-A/093-I-09; WA# 23735

Commission staff has reviewed your application dated November 25, 2011 requesting approval to commingle gas production from the Falher, Gething, Cadomin, and Nikanassin zones encountered in the subject well. The Commission has designated the zones under application to be part of the Ojay field Falher "B", Gething "P", Cadomin "V" and Nikanassin "Y" gas pools.

All of the subject zones were completed in October 2008. The deep zones (Gething, Cadomin and Nikanassin) were placed on commingled production in December 2009 under eligibility for the Other Foothills Commingling Approval. The commingled zones produced at a peak gas rate of 347 e³m³/d and have declined to a current rate of 144 e³m³/d. The shallow Falher zone remains shut-in, requiring approval to commingle with the deep zones. A Falher gas rate of 39 e³m³/d was measured with a spinner survey.

The reservoir pressure of the commingled zones has declined to 17.8 MPa, lower than the Falher initial pressure of 25.7 MPa. Talisman plans to equalize the pressure using nitrogen gas, prior to opening the sliding sleeve to add Falher production to the commingled stream. All the zones contain sweet gas. Commingled production is expected to maximize reserve recovery.

Attached please find Order 11-20-020 designating an area in the Ojay 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.

Should you have any questions, please contact Ron Stefik at (250) 419-4430 or Kelly Okuszko at (250) 419-4433.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Jeakins', with a large, stylized flourish extending to the right.

Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

Attachment


IN THE MATTER of an application from Talisman Energy Inc. to the Oil and Gas Commission dated November 25, 2011 for Commingled Production approval.

ORDER 11-20-020

- 1 Under Section 75(1)(a) of the *Oil and Gas Activities Act*, the Commission designates the commingling of production from the Ojay field – Falher “B”, Gething “P”, Cadomin “V” and Nikanassin “Y” pools as a special project for the enhanced recovery of natural gas by commingling production within the following area;

NTS 093-I-9 Block A – units 74, 75, 84 and 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 Falher, Gething, Cadomin and Nikanassin zones may be commingled through the well TALISMAN ET AL OJAY c-084-A/093-I-09 (WA # 23735).
 - 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 to the deepest (measured depth) active well event (unique well identifier). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission allocates commingled gas and water production on the basis of Falher 29%, Gething 17%, Cadomin 0% and Nikanassin 53%.



Paul Jeakins
Commissioner & CEO
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 16th day of December 2011.