



November 23, 2007

8157-6300-59070-20

Gord Oliver, P.Eng.  
Manager Exploitation  
Terra Energy Corp.  
970, 333 – 7<sup>th</sup> Avenue S.W.  
CALGARY, AB T2P 2Z1

Dear Mr. Oliver:

**RE: COMMINGLED PRODUCTION APPROVAL  
TERRA PARKLAND 12-25-81-17 W6M; WA# 5673**

Commission staff have reviewed your application dated October 12, 2007 for approval to commingle gas production from two Taylor Flat zones in the subject well.

The Commission designates the gas pools under application to be the Tower Lake field – Taylor Flat “A” (upper) and Taylor Flat “B”. Drill stem tests measured gas rates of 42 10<sup>3</sup>m<sup>3</sup>/d and 22 10<sup>3</sup>m<sup>3</sup>/d, respectively, however neither zone has yet been completed. This well is presently producing gas from the Belloy and Halfway formations. Commingling the two Taylor Flat pools, while suspending the Halfway for later depletion, will allow economic production by avoiding the necessity of drilling a twin well. Following initial segregated testing, future pressure tests in a commingled state should allow adequate information for reserves evaluation from these single well pools, of similar size with limited additional development potential. Both Taylor Flat zones contain sour gas. This interim approval is intended to allow the acquisition of additional supporting data for final commingling approval.

We wish to advise 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 tests must be completed to establish the AOF for each Taylor Flat zone, and reports filed as per the requirement of Section 84 of the *Regulation*.
2. A supplemental application for commingled production must be submitted with the supporting test data, gas analysis and proposed allocation factors for production reporting of both gas and liquids.
3. Final 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) 952-0310.

Sincerely,

Ron Stefik, AScT  
Sr. Reservoir Engineering Technologist

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**RESOURCE CONSERVATION**

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