



October 29, 2008

58120-4900/4980-59070-20

Tim Beatty, P.Eng.
VP Capital Projects
Terra Energy Corp.
970, 333 – 7th Avenue S.W.
CALGARY, AB T2P 2Z1

Dear Mr. Beatty:

**RE: COMMINGLED PRODUCTION – TEMPORARY APPROVAL
TERRA SUNRISE 13-35-79-17 W6M; WA# 23809**

Commission staff have reviewed your application, dated October 7, 2008, for approval to temporarily commingle gas production from two Doig zones in the subject well.

The Commission designates the gas pools under application to be the multi-well Sunrise field – Doig “A” (upper) and the single well Sunrise – Doig Phosphate “A” (lower). The perforated intervals are 85 m apart. These zones were individually fracture stimulated, with gas clean-up flow rates of 29 10³ m³/d for the Doig and 53 10³ m³/d for the Doig Phosphate, with rates improving over the flow periods.

Continued recovery of frac load fluid and sand, and significant water production from the Doig, preclude configuration for isolated production at this time. However, with limited Doig Phosphate production data available, and the close proximity to the Montney formation, the Commission is concerned that segregated production from this zone commence at the earliest possible opportunity. This temporary approval is intended to allow commingled production for the mutual clean-up of remaining load fluid and frac sand.

Your application to commingle production is hereby granted **temporary** approval, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Doig (2082.0 – 2086.0 mKB) and Doig Phosphate (2171.0 – 2173.0 mKB) zones may be commingled until January 31, 2009, or until such time as the zones may be configured to produce in isolation, whichever comes first.
2. During the commingled production period, gas, water and condensate production should be allocated on the Ministry of Provincial Revenue BC S-1, BC S-2 and BC 08 forms on the basis of gas to the Doig 40 % and Doig Phosphate 60 %, with 100% of water and condensate (beyond load fluid) reported to the Doig. Following isolated production metering, amended production statements may be required for the commingled period based on measured ratios.
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) 952-0310.

Sincerely,

Ron Stefik, AScT
Sr. Reservoir Engineering Technologist

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