



June 6, 2007

2920-4900-59240-07

David Mitchell, P.Eng.
Area Coordinator, NEBC
Baytex Energy Trust
2200, 205 – 5th Ave. S.W.
Calgary AB T2P 2V7

Dear Mr. Mitchell:

**RE: CONCURRENT PRODUCTION APPROVALS
CACHE CREEK – DOIG “M”, “N”, “O” & “Q” POOLS
PRIMARY PRODUCT AND OVERPRODUCTION
CACHE CREEK – DOIG “K”, “L” & “T” POOLS**

Commission staff have reviewed your applications, made on various dates in 2006, for Concurrent Production for the Cache Creek field – Doig “K”, “L”, “M”, “N”, “O” and “Q” oil pools. Response to these applications has been delayed pending additional performance information to characterize each of these single well pools.

As gas produced exceeds the solution gas-oil ratio and this gas is conserved, Concurrent Production approvals are considered appropriate. Accordingly, the following approvals are hereby granted under Section 97 of the Petroleum and Natural Gas Act. These approvals will allow flexibility in production management to maximize pool oil recovery.

<u>Field</u>	<u>Pool</u>	<u>Approval</u>
Cache Creek	Doig “M”	07-07-002
Cache Creek	Doig “N”	07-07-003
Cache Creek	Doig “O”	07-07-004
Cache Creek	Doig “Q”	07-07-005

Please note that a 36-month royalty exemption volume cap has been included as a condition of each approval. The discovery well of a new oil pool is granted oil royalty exemption for the first 36 producing months. The *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation* states that the royalty exempt period is dependent on the “monthly allowable production of oil”. In order to account for normal DOA production, a royalty exempt volume cap must be set.

The royalty exempt volume cap for each well is based on 36 producing months of allowable production with consideration for GOR factor adjustment penalty. This volume is subject to change, based on additional production information. Please note that royalty free production will be limited to the assigned volume cap or the amount produced in the first 36 producing months, whichever is lesser.

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RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
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Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: (250) 261-5744 www.ogc.gov.bc.ca

The Cache Creek field Doig “K” (single well **Baytex Cache 1-13-88-23W6M; WA# 19618**) and “L” (single well **Baytex et al Cache 6-27-87-22W6M; WA# 17843**) pools have had a primary product classification as oil since the date of initial production. Based on the reported oil rates and gas-oil ratio from production data, the product status is re-classified as gas wells, effective from the date of initial production. Hydrocarbon liquid volumes formerly reported as oil will now be considered condensate. Please modify production reporting accordingly.

The well **Baytex Cache 6-6-88-22W6M (WA# 21207)** began production in August 2006 from the single well Cache Creek Doig “T” pool under a daily oil allowable of 16.4 m³. As this well is currently in a state of overproduction of the allowable, application for Concurrent Production is required to continue production. The calculated **36-month royalty exempt volume cap is 2,736.9 m³**. This value may be subject to modification based on additional production information.

Should you have any questions, please contact Ron Stefik at (250) 952-0310.

Sincerely,



Doug McKenzie
Director
Resource Conservation Branch

Attachments

cc: Carl De Smit, OGC, Operations Engineering Branch
Gord Lee, SBR, Mineral, Oil and Gas Revenue Branch

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APPROVAL 07-07-002

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION


IN THE MATTER of a Concurrent Production scheme of Baytex Energy Trust (Baytex) for producing gas and oil from the Cache Creek field Doig "M" pool with a project oil and gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Baytex for oil and gas production with project allowables, as such scheme is described in

an Application to the Commission dated February 8, 2006 and related submissions.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of;
Twp 88 Rge 22 W6M – SE/4 section 4.
2. The project daily oil allowable is waived.
3. Gas production is limited to $60.0 \times 10^3 \text{ m}^3/\text{d}$.
4. All produced gas must be conserved.
5. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved area.
6. Royalty-exempt oil production from the discovery well Baytex et al Cache A2-4-88-22 W6M (WA# 17864) shall be limited to a volume of 810.3 m^3 , or the volume produced during the first 36 producing months, whichever comes first.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 6th day of June, 2007.

APPROVAL 07-07-003

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

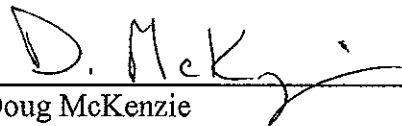
IN THE MATTER of a Concurrent Production scheme of Baytex Energy Trust (Baytex) for producing gas and oil from the Cache Creek field Doig "N" pool with a project oil and gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Baytex for oil and gas production with project allowables, as such scheme is described in

an Application to the Commission dated March 7, 2006 and related submissions.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of;
Twp 87 Rge 22 W6M – NW/4 section 34.
2. The project daily oil allowable is waived.
3. Gas production is limited to $60.0 \times 10^3 \text{ m}^3/\text{d}$.
4. All produced gas must be conserved.
5. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved area.
6. Royalty-exempt oil production from the discovery well Baytex Cache 11-34-87-22 W6M (WA# 19850) shall be limited to a volume of $3,094.5 \text{ m}^3$, or the volume produced during the first 36 producing months, whichever comes first.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 6th day of June, 2007.

APPROVAL 07-07-004

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

IN THE MATTER of a Concurrent Production scheme of Baytex Energy Trust (Baytex) for producing gas and oil from the Cache Creek field Doig "O" pool with a project oil and gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Baytex for oil and gas production with project allowables, as such scheme is described in

an Application to the Commission dated January 23, 2006 and related submissions.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of;
Twp 88 Rge 22 W6M -- SE/4 section 9.
2. The project daily oil allowable is waived.
3. Gas production is limited to $60.0 \times 10^3 \text{m}^3/\text{d}$.
4. All produced gas must be conserved.
5. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved area.
6. Royalty-exempt oil production from the discovery well Baytex Cache 7-9-88-22 W6M (WA# 20211) shall be limited to a volume of $2,298.2 \text{ m}^3$, or the volume produced during the first 36 producing months, whichever comes first.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this ¹⁴6 day of June, 2007.

APPROVAL 07-07-005

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
OIL AND GAS COMMISSION

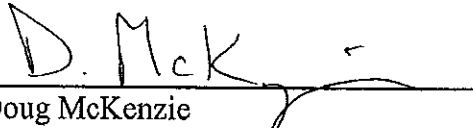
IN THE MATTER of a Concurrent Production scheme of Baytex Energy Trust (Baytex) for producing gas and oil from the Cache Creek field Doig "Q" pool with a project oil and gas allowable.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Baytex for oil and gas production with project allowables, as such scheme is described in

an Application to the Commission dated April 26, 2006 and related submissions.

This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the scheme shall consist of;
Twp 88 Rge 22 W6M – SW/4 section 5.
2. The project daily oil allowable is waived.
3. Gas production is limited to $60.0 \times 10^3 \text{m}^3/\text{d}$.
4. All produced gas must be conserved.
5. The requirements of Section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved area.
6. Royalty-exempt oil production from the discovery well Baytex Cache 6-5-88-22 W6M (WA# 20583) shall be limited to a volume of $2,206.1 \text{ m}^3$, or the volume produced during the first 36 producing months, whichever comes first.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this ^{6th} day of June, 2007.