



OIL AND GAS COMMISSION

November 16, 2007

2920-4900-59240-07

David Mitchell, P.Eng.
Senior Exploitation Engineer
Baytex Energy Ltd.
2200, 205 – 5th Ave. S.W.
Calgary AB T2P 2V7

Dear Mr. Mitchell:

**RE: CONCURRENT PRODUCTION APPROVAL
CACHE CREEK – DOIG “T”**


Commission staff have reviewed your application, dated August 15, 2007, for Concurrent Production for the Cache Creek field – Doig “T” oil pool.

As gas produced exceeds the solution gas-oil ratio and this gas is conserved, Concurrent Production approval is considered appropriate. Accordingly, Approval 07-07-008 is hereby granted under Section 97 of the Petroleum and Natural Gas Act. This approval will allow flexibility in production management to maximize pool oil recovery.

As the discovery well of a new oil pool, the first 36 producing months of oil are royalty exempt. The *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation* states that the royalty exemption is dependent on the “monthly allowable production of oil”. Please note that a 36-month royalty exemption volume cap has been included as a condition of approval.

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

Sincerely,



Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering
Resource Conservation

Attachment

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
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APPROVAL 07-07-008

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

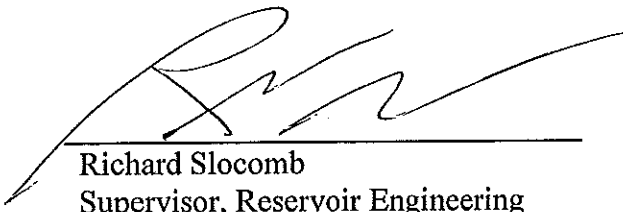
IN THE MATTER of a Concurrent Production scheme of Baytex Energy Ltd. (Baytex) for producing oil and gas from the Cache Creek field Doig "T" pool with a project oil and gas allowable.

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 August 15, 2007 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 6.
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 6-6-88-22 W6M (WA# 21027) shall be limited to a volume of $2,483.0 \text{m}^3$, 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.


Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

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