

May 31, 2010

2400-2900-59240-07

Ann Green
Engineering Technologist
Bonavista Petroleum Ltd.
700, 311-6th Avenue S.W.
Calgary AB T2P 3H2

Dear Ms. Green:

**RE: CONCURRENT PRODUCTION APPROVAL
BUICK CREEK – DUNLEVY “C” POOL**

Commission staff have reviewed the application, dated April 19, 2010, requesting Concurrent Production approval for a portion of the subject pool containing two oil wells producing under individual well daily oil production allowables, from the oil leg to a gas pool.

Gas production from the Dunlevy “C” pool commenced in 1959, with approximately 130 Bcf of natural gas produced to-date from numerous wells. The oil wells c-67-J (WA# 23621) and a-77-J/94-A-11 (WA# 21881) commenced production relatively recently, in August 2008 and February 2007, respectively. The GOR for each well indicates that gas production exceeds initial pool solution gas. Concurrent Production approval will allow unrestricted preferential oil production from these wells, as gas cap energy continues to deplete.

Attached is Approval 10-07-001, granted under Section 97 of the Petroleum and Natural Gas Act. This approval is intended to allow the production of oil wells for maximization of oil recovery. Submission of the monthly form, Production Allowable Report – Crude Oil, may be discontinued.

Should you have any questions, please contact Ron Stefik at (250) 491-4430.

Sincerely,



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

Attachment

APPROVAL 10-07-001

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

IN THE MATTER of a Concurrent Production scheme of Bonavista Petroleum Ltd. (Bonavista) for producing a portion of the Buick Creek field Dunlevy "C" pool without oil or gas production allowable restrictions.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Bonavista for oil production without an oil allowable, as such scheme is described in

an Application from Bonavista to the Commission dated April 19, 2010 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:
94-A-11 Block J - Units 56, 57, 66, 67, 76, 77, 86 and 87.
2. The project daily oil allowable is waived.
3. A project daily gas production limit shall not apply.
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. This approval may be modified or rescinded at a later date if deemed appropriate.



For Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 31st day of May 2010.