



OIL AND GAS COMMISSION

September 28, 2006

6460-4100-59240-07

Kert Walter
Production Engineer
Canetic Resources Inc.
1900, 255 - 5th Avenue SW
Calgary, Alberta T2P 3G6

Dear Mr. Walter:

**RE: CONCURRENT PRODUCTION APPROVAL
OAK – BALDONNEL “H” POOL**

Attached is a Concurrent Production scheme approval for a portion of the subject pool, as requested in your application dated August 9, 2006.

All three wells within the subject pool have been shown to be poor producers, with cumulative oil production of $2.9 \times 10^3 \text{ m}^3$ since initial production from the first well began in March 2002. Oil production from the well Calahoo Montney 04-30-86-18 W6M is currently being restricted due to a high GOR penalty factor and will likely result in the producing well being abandoned early due to poor economics. The limited size of the subject pool does not warrant additional drilling to capture incremental reserves. At this point a concurrent production approval is expected to maximize oil recovery from this pool. Therefore the Approval 06-07-005 is hereby granted under Section 97 of the Petroleum and Natural Gas Act.

Please note that this approval may also be amended if another operator successfully completes an oil well outside the project area in the subject pool.

Sincerely,

A handwritten signature in dark ink, appearing to read 'D. McKenzie', is written over a light-colored rectangular background.

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 06-07-005

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

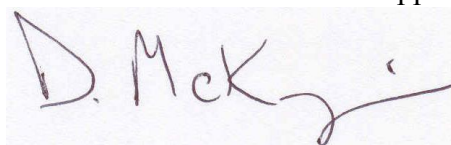
IN THE MATTER of a Concurrent Production scheme of Samson Canada Ltd. (Samson) for producing a portion of the Oak – Baldonnel “H” oil pool with a project oil and gas allowable.

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

an Application to the Commission dated August 6, 2006.

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

1. The area of the scheme shall consist of sec 30-86-18 W6M.
2. The project daily oil allowable is 39.1 m³.
3. The project daily gas limit is 13.9 10³m³.
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.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 28th day of September 2006.