



January 31, 2006

5500-2600-59240-07
OGC – 06031

Guy Wylie, P.Eng.
Exploitation Engineer
Canadian Natural Resources Limited
2500, 855 – 2nd Street S.W.
Calgary AB T2P 4J8

Dear Mr. Wylie:

**RE: CONCURRENT PRODUCTION APPROVAL
LADYFERN - BLUESKY "F" POOL**

The Commission has reviewed your application, dated January 18, 2006, for Concurrent Production approval for the subject single well oil pool. A previous application was denied by the OGC on October 13, 2005 on the basis of limited knowledge of potential reserves.

Additional performance and pressure data from the well CNRL Ladyfern d-73-G/94-H-1 (WA 18051), provided in the supplemental application, indicates modest pool oil reserves. This information now supports the geological control, limiting opportunities for additional economic well locations and exploitation.

As gas produced exceeds the solution gas-oil ratio and this gas is conserved, Concurrent Production approval is considered appropriate. Accordingly, Approval 06-07-001 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.

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

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

Sincerely,

Richard Slocomb, P. Eng.
A/Director
Resource Conservation Branch

**Approval Letters to Industry
GEP, SWD, Concurrent Prod, Pressure
Maintenance, Waterflood, Etc.**

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|--------------------------|------------|--------------------------|---------------|
| <input type="checkbox"/> | Daily | <input type="checkbox"/> | E. O'Neill |
| <input type="checkbox"/> | Wellfile | <input type="checkbox"/> | J. Merson |
| <input type="checkbox"/> | 59240 | <input type="checkbox"/> | D. Krezanoski |
| <input type="checkbox"/> | R. Slocomb | <input type="checkbox"/> | L. Miller |
| <input type="checkbox"/> | R. Stefik | <input type="checkbox"/> | Resource Rev. |
| <input type="checkbox"/> | G. Farr | <input type="checkbox"/> | S. Chicorelli |

Attachment

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

APPROVAL 06-07-001

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

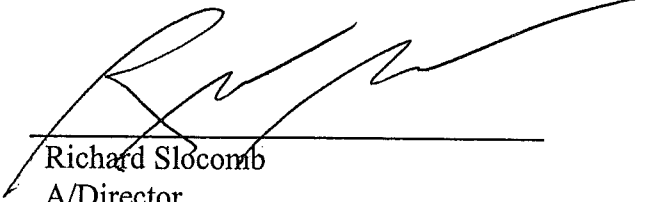
IN THE MATTER of a Concurrent Production scheme of Canadian Natural Resources Limited (CNRL) for producing the Ladyfern – Bluesky “F” pool with a project gas and oil allowable.

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

an Application from CNRL to the Commission dated September 5, 2005 and supplemental submission dated January 18, 2006.

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

1. The area of the scheme shall consist of :
94-H-1 Block G – unit 73.
2. The project daily oil allowable is waived.
3. Gas production will be limited to $28.0 \times 10^3 \text{ m}^3/\text{d}$.
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 CNRL Ladyfern d-73-G/94-H-1 (WA# 18051) shall be limited to a volume of $9,539.1 \text{ m}^3$, 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.


Richard Slocomb
A/Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 31st day of January 2006.