



February 5, 2004

4390-4700-59240-07
OGC - 04040

R.A. Pachovsky, P. Eng.
Senior Staff Engineer
Duvernay Oil Corp.
1500, 202 - 6th Avenue S.W.
Calgary AB T2P 2R9

Duvernay Project (02)

Dear Mr. Pachovsky:

**RE: CONCURRENT PRODUCTION APPROVAL, AMENDMENT #1
GROUND BIRCH - ARTEX "B" POOL**

The Commission has reviewed your application dated November 24, 2003 requesting that the gas production limit be increased to 60.0 10³m³/d in the subject pool. A Concurrent Production approval was issued on June 3, 2002 for the Groundbirch Artex "B" pool, with a daily gas limit of 28.0 10³m³/d.

We would like to thank you for meeting with us at our Victoria office on December 18, 2003 during which technical details in support of your request were presented, as requested in our letter dated December 5, 2003.

Based on your presentation, ultimate oil recovery would appear to be unaffected by an increase in gas production rate. Also, the incremental oil recovery under a waterflood cannot be economically justified due to a lack of water source wells and high cost of facility modifications. However, the Commission believes that excessive solution gas production at this stage from this pool is premature. Therefore, gas production is limited to an increase to 45.0 10³m³/d. Accordingly, Approval 02-07-002 (Amendment #1) is hereby granted under Section 97 of the Petroleum and Natural Gas Act.

Future drilling in the area may assist in better definition of the oil pay mapping. This may encourage Duvernay to re-evaluate the potential for waterflooding the pool for maximizing oil recovery.

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

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 9

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- D. Krezanoski

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 02-07-002 (AMENDMENT #1)

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

IN THE MATTER of a Concurrent Production scheme of Duvernay Oil Corp. (Duvernay) for producing the Groundbirch Artex "B" 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 an amendment to the Concurrent Production scheme of Duvernay for oil and gas production with project allowables, as such scheme is described in

an Application from Duvernay to the Commission dated April 18, 2002 and November 24, 2003 and related submission.

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

1. The area of the scheme shall consist of N/2 sec 32 and NW/4 sec 33 of 78-19 W6M and SW/4 sec 3 and S/2 sec 4-79-19 W6M.
2. The project daily oil allowable is waived.
3. Gas production will be limited to $45.0 \times 10^3 \text{ m}^3/\text{d}$.
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. This approval may be modified or rescinded at a later date if deemed appropriate.



Craig Gibson
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 5th day of February 2004.