



March 7, 2001

8900-4610-59240-07
OGC 01064

Shauna J. Clarey
Engineering Technician
Encal Energy Ltd.
1800, 421 – 7th Ave S.W.
Calgary AB T2P 4K9

Dear Ms. Clarey:

**RE: CONCURRENT PRODUCTION APPROVAL
ZAREMBA – A MARKER/BASE OF LIME “M” OIL POOL**

The Commission has reviewed your application for Good Engineering Practice for the subject pool, dated February 23, 2001. As gas produced exceeds the solution gas-oil ratio and this gas is being conserved (not flared), a Concurrent Production approval is appropriate.

The Approval 01-07-002 is hereby granted under section 97 of the Petroleum and Natural Gas Act. This single well pool appears to have limited reserves. The Commission agrees that with little opportunity to increase the expected poor recovery, removal of the GOR based production restriction will allow the maximum economic recovery from the pool.

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.
Manager
Reservoir Engineering and Geology

Attachment

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

Copy 9

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59240
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	S. Chicorelli
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	P. Attariwala
<input type="checkbox"/>	D. Krezanoski

ENGINEERING AND GEOLOGY BRANCH

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APPROVAL 01-07-002

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

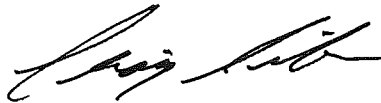
IN THE MATTER of a Concurrent Production scheme of Encal Energy Ltd. (Encal) for producing the Zaremba A Marker/Base of Lime "M" pool with a project oil and gas allowable.

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

an Application from Encal to the Commission dated February 23, 2001, 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 unit 53 of Block I/94-H-6.
2. The project oil allowable is 11.3 m³/d.
3. The project gas allowable is 7.0 e³m³/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
Manager
Reservoir Engineering and Geology

DATED AT the City of Victoria, in the Province of British Columbia, this 27th day of March, 2001.