



April 6, 1998

Copies of Approval Letter to Industry (11)

RE: GEP, Salt Water Disposals, etc.

<input type="checkbox"/>	G. Miltenberger
<input type="checkbox"/>	Data Management
<input checked="" type="checkbox"/>	R. Stefik
<input type="checkbox"/>	D. Richardson
<input type="checkbox"/>	P. Attariwala
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	S. Chicorelli
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	59240
<input type="checkbox"/>	Daily

980348
2400-4805-59240-07

CNRL Project (11)

Mr. Dick VanAppelen, P.Eng.
Exploitation Engineer
Canadian Natural Resources Limited
2000 425 1st St. SW
Calgary AB T2P 3L8

Dear Mr. VanAppelen:

**RE: APPLICATION FOR CONCURRENT PRODUCTION WITH
GOOD ENGINEERING PRACTICE (AMENDMENT #1)
BUICK CREEK LOWER HALFWAY "K" POOL**

Attached is a Concurrent Production with Good Engineering Practice (GEP) scheme approval amendment for the subject pool as requested in your application of March 11, 1998.

The Approval 96-06-003 (Amendment #1) is hereby granted under section 97 of the Petroleum and Natural Gas Act.

This amendment enlarges the approval area to include the well c-58-I/94-A-11 (WA# 10072). This well was placed on production from the Lower Halfway "K" pool in April 1997 without prior application for a daily oil allowable or amendment to the subject project approval. This was in violation of the section 76 of the *Drilling and Production Regulation*. Please ensure that such infractions do not occur in the future.

As the well c-58-I/94-A-11 would have accumulated a large volume of overproduction of an individual well daily oil allowable, this well is deemed to have been operating under a concurrent production approval effective as of April 1, 1997.

Please note that the volume of royalty exempt production for the discovery well (condition #8) has been amended based on up-dated production data.

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This approval is intended to allow operational flexibility in order to maximize oil recovery. An oil well has been completed in the subject pool by another operator, outside the project area. Therefore, in accordance with section 76(8) of the *Regulation*, the lease line well a-58-I/94-A-11 (WA# 9766) is restricted to its previously approved individual well daily oil allowable of 54.7 m³/d, with a maximum operating GOR of 1, 200 m³/m³.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bou van Oort', is written over a large, light-colored scribble or mark.

Bou van Oort, P. Eng.
Director
Engineering and Operations Branch

PSA/mef

Attachment

APPROVAL 96-06-003 (Amendment #1)

**THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
MINISTRY OF ENERGY AND MINES
ENERGY AND MINERALS DIVISION**


IN THE MATTER of a Concurrent Production scheme with Good Engineering Practice (GEP) of Canadian Natural Resources Limited (CNRL) for producing the Buick Creek Lower Halfway "K" oil pool without spacing and target restrictions.

NOW, THEREFORE, the Division Head, pursuant to section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production project of CNRL for drilling horizontal wells without spacing and target restrictions and for concurrent production of oil and gas, as such scheme is described in:

an Application from CNRL to the Division dated November 8, 1996 and March 11, 1998 and related submission.

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

1. The area of the scheme shall consist of Units 48, 56, 57, 58 of Block I/94-A-11.
2. The reserves based daily oil allowable is 67.0 m³.
3. Gas production from the project will be limited to 80.4 10³m³/d.
4. All gas production will be conserved.
5. Any well exceeding a GOR of 1200 m³/m³ must be shut-in.
6. In accordance with section 76(8) of the *Drilling and Production Regulation*, oil production from the well a-58-I/94-A-11 (WA 9766) is limited to an adjusted individual well daily oil allowable of 54.7 m³.
7. The requirements of section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not nearer than 100 m to the sides of the approved area.
8. Royalty free oil production from the discovery well a-58-I/94-A-11 (WA 9766) is limited to a total volume of 26,361.2 m³.
9. This approval may be modified or rescinded at a later date if deemed appropriate.



B. van Oort, on behalf of
the Division Head
Energy and Minerals Division

DATED AT the City of Victoria, in the Province of British Columbia, this ^{6th} day of April, 1998.

