



BRITISH
COLUMBIA

March 26, 1998

980334
2400-4805-59240-07

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

CNRL Project (14)

Dear Mr. VanAppelen:

**RE: APPLICATION FOR CONCURRENT PRODUCTION WITH
GOOD ENGINEERING PRACTICE
BUICK CREEK LOWER HALFWAY "O" POOL**

Attached is a Concurrent Production with Good Engineering Practice (GEP) scheme approval for the subject pool as requested in your application of March 12, 1998.

The Approval 96-07-005 is hereby granted under section 97 of the Petroleum and Natural Gas Act.

This approval is intended to allow operational flexibility in order to maximize oil recovery. This pool is currently defined by two dual leg horizontal wells. There are no equity issues at this time; however, the approval conditions may be modified if oil wells outside the project area are completed in the subject pool by another operator.

These wells were placed on production from the Lower Halfway "O" pool in 1997 without prior application for a daily oil allowable. This was in violation of the section 77 of the *Drilling and Production Regulation*. Please ensure that such infractions do not occur in the future.

As these wells would have accumulated a large volume of overproduction of individual well daily oil allowables, this project approval is made effective as of May, 1997, the month gas conservation commenced.

Yours sincerely,

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

RS/mef

Attachment

Copies for Approval Letter to Industry (11)
RE: GEP, Salt Water Disposals, etc.

- G. Miltenberger
- Data Management
- R. Stefik
- D. Richardson
- P. Attariwala
- G. Farr
- S. Chicorelli
- Resource Revenue
- 59240
- Wellfiles (originals)
- Daily

Craig Gibson

Ministry of
Employment
and Investment

Energy and Minerals Division
Engineering and Operations Branch

PO Box 9326 Stn Prov Govt
Victoria BC V8W 9N3

Sixth Floor
1810 Blanshard Street
Victoria



APPROVAL 98-07-005

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

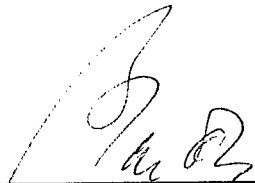
IN THE MATTER of a Concurrent Production scheme with Good Engineering Practice (GEP) of Canadian Natural Resources Limited (CNRL) for producing the Buick Creek Lower Halfway "O" oil pool without spacing and target restrictions and without a project oil allowable.

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 without an oil allowable, as such scheme is described in:

*an Application from CNRL to the Division dated March 12, 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 44, 45, 55 and 56 of Block A/94-A-14.
2. The daily oil allowable is waived.
3. Gas production from the project will be limited to $106.3 \text{ } 10^3 \text{ m}^3/\text{d}$.
4. Any well exceeding a GOR of $1200 \text{ m}^3/\text{m}^3$ must be shut-in.
5. All gas production will be conserved.
6. The project effective date shall be retroactive to May 1, 1997.
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 CNRES et al Hz Buick c-A45-A/94-A-14 (WA 10397) is limited to a total volume of $11,450.0 \text{ m}^3$.
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 ²⁶ day of March, 1998.