



July 23, 2008

5852-2805-59240-07

Rochelle Braatz, P.Geol.  
Fort Nelson Business Unit  
EnCana Oil & Gas  
150 – 9<sup>th</sup> Avenue SW  
P.O. Box 2850  
Calgary AB T2P 2S5

Dear Ms. Braatz:

**RE: CONCURRENT PRODUCTION WITH GOOD ENGINEERING PRACTICE  
MAXHAMISH LAKE - CHINKEH "A" POOL**

Commission staff have reviewed the application, dated April 3, 2007, and various supplemental information, for Good Engineering Practice (GEP) and Concurrent Production scheme approval, for the subject pool.

GEP Approval 99-06-012, issued in 1999, was last modified by Amendment #3 on September 6, 2006 for development of the Chinkeh "A" gas pool. Since production began in 1999 total pool gas rate has declined from a peak of 2,600 10<sup>3</sup>m<sup>3</sup>/d to a present value of 700 10<sup>3</sup>m<sup>3</sup>/d, for a cumulative 176 Bcf.

Two oil wells, b-49-J/94-O-11 (WA 11617) and a-18-J/94-O-11 (WA 13260), were both first produced in March 2003, with cumulative oil productions of 1,856 m<sup>3</sup> and 4,057 m<sup>3</sup>, respectively. Annualized oil allowables were approved to facilitate seasonal operation in this remote area. Commission geological interpretation agrees with a mapable oil leg to this pool. Recent drilling has targeted exploitation of this oil resource, while gas production continues to occur from over 100 wells in this pool. Oil development at this stage may be best facilitated by waiving normal spacing and target requirements and gas-oil ratio controlled production allowables.

Attached is Concurrent Production with Good Engineering Practice Approval 08-07-003 for the subject pool, issued under Section 97 of the Petroleum and Natural Gas Act. Approval will allow both oil and gas wells to produce without spacing, target area or allowable restriction, granting operational flexibility in order to maximize hydrocarbon recovery.

GEP Approval 99-06-012 for the Maxhamish Lake Chinkeh "A" pool is hereby rescinded, however, the area and wells are wholly incorporated within this new approval.

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

Sincerely,

Richard Slocomb, P.Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

Attachment

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**RESOURCE CONSERVATION**

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

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**APPROVAL 08-07-003**

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

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IN THE MATTER of a Concurrent Production scheme with Good Engineering Practice (GEP) of EnCana Corporation (EnCana) for producing the Maxhamish Lake Chinkeh “A” pool without spacing, target or production allowable restrictions.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act and Section 101 of the *Drilling and Production Regulation* hereby approves a Concurrent Production scheme with Good Engineering Practice of EnCana for producing wells without spacing and target restrictions and for concurrent production of oil and gas without an oil or gas allowable, as such scheme is described in:

*an Application from EnCana to the Commission dated April 3, 2007 and related submissions.*

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

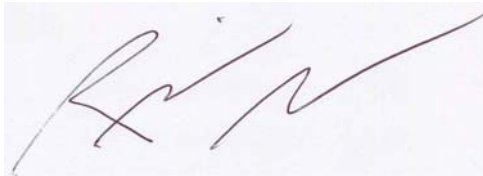
1. The area of the scheme shall consist of:

- 94-O-6 Block J - units 20, 30, 38-40, 48-50, 56-60, 66-70, 76-80, 86-90, 96-100  
Block K - units 11-19, 21-29, 31-39, 41-49, 51-59, 61-69, 71-100  
Block L - units 71, 81, 91
  
- 94-O-11 Block B - units 6-10, 14-20, 24-30, 34-40, 44-50, 54-60, 64-70, 72-80, 82-90, 92-100  
Block C - units 1-75, 81-85, 91-93  
Block D - units 1, 11, 21, 31, 41, 51, 61  
Block F - units 1-3, 11-15, 21-25, 31-35, 41-45, 51-55, 61-65, 71-77, 81-87, 91-97  
Block G - units 2-100  
Block H - units 20, 30, 40, 50, 60, 70, 80, 90, 100  
Block I - units 10, 20, 30, 40, 50, 58-60, 68-70, 78-80, 88-90, 98-100  
Block J - units 1-100  
Block K - units 1-7, 11-17, 21-27, 31, 41, 51-53, 61-63, 71-75, 81-85, 91, 94-97
  
- 94-O-14 Block A - units 8-10, 18-20, 26-30, 36-40, 46-50, 56-60, 66-70, 76-80, 86-90, 96-100  
Block B - units 1-39, 41-49, 51-59, 61-69, 71-79, 81-89, 91-98  
Block C – units 1, 4-7, 11, 21  
Block G - units 1-8, 11-18, 21-28, 31-37, 41-47, 51-57, 61-67, 71-75, 81-85, 91-95  
Block H - units 6-10, 18-20, 28-30, 38-40, 48-50, 58-60, 68-70, 78-80, 88-90, 98-100  
Block I - units 8-10 and  
Block J - units 1-5.

2. Oil wells within the project area may be produced without individual well allowable restrictions.

3. Gas wells within the project area may be produced without individual well allowable restrictions.

4. All gas production 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. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the project area are not completed nearer than 250 m to the sides of the approved project area.
7. This approval may be modified or rescinded at a later date if deemed appropriate.

A handwritten signature in black ink, appearing to read 'R. Slocomb', is written over a light blue rectangular background.

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Richard Slocomb  
Supervisor, Reservoir Engineering  
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 24<sup>th</sup> day of July, 2008.