



September 27, 1999

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

2400-4805-59240-07
OGC 990470

Mr. Greg Piotrowicz
Senior Development Engineer
Rigel Oil & Gas Ltd.
1900, 255 – 5th Ave SW
Calgary AB T2P 3G6

Copy

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

Rigel Project (18)

Dear Mr. Piotrowicz:

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

Attached is a Concurrent Production with Good Engineering Practice (GEP) scheme approval for a portion of the subject pool as requested in your application of August 24, 1999.

The Approval 99-07-007 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.

Another operator, outside the project area, has completed an oil well in the subject pool. Therefore, in accordance with section 73(8) of the *Drilling and Production Regulation*, the lease line well c-37-I/94-A-11 (WA# 10135) is subject to its individual well production allowable of 123.4 m³/d, with a maximum operating GOR of 1, 200 m³/m³.

Yours sincerely,

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

Attachment

ENGINEERING AND GEOLOGY BRANCH

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APPROVAL 99-07-007

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

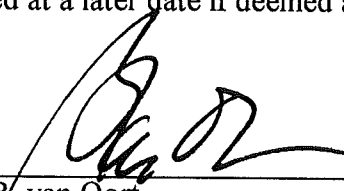
IN THE MATTER of a Concurrent Production scheme with Good Engineering Practice (GEP) of Rigel Oil & Gas Ltd. (Rigel) for producing a portion of the Buick Creek Lower Halfway "K" oil pool without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production project of Rigel 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 Rigel to the Commission dated August 24, 1999 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 37 and 47 of Block I/94-A-11.
2. The reserves based daily oil allowable is 123.4 m³.
3. Gas production from the project will be limited to 148.1 10³m³/d.
4. All gas production will be conserved.
5. Any well exceeding a GOR of 1200 m³/m³ must be shut-in.
6. 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.
7. This approval may be modified or rescinded at a later date if deemed appropriate.



B. van Oort
Director
Engineering and Geology Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 27 day of September, 1999.