



**BRITISH
COLUMBIA**

July 13, 1998

Ms. Karen Karbasheski
Engineering Technician
Newport Petroleum Corporation
Suite 3300, 205 - 5th Avenue SW
Calgary AB T2P 2V7

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

2000-6300-59240-07
980578

Newport Project (02)

Dear Ms. Karbasheski:

**RE: CONCURRENT PRODUCTION APPROVAL
BOUNDARY LAKE TAYLOR FLAT "A" OIL POOL**

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

We concur with you that the subject pool is a single well pool and that the well is uneconomic at its current penalized rates. As all produced gas will be conserved, a concurrent production with good engineering practice (GEP) is considered appropriate in this case.

The Approval 98-07-009 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. Please note that the project allowables may be amended if an oil well outside the project area is successfully completed in the subject pool by another operator.

Sincerely,

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

Attachment

APPROVAL 98-07-009

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

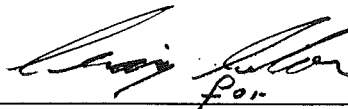
IN THE MATTER of a Concurrent Production scheme with Good Engineering Practice (GEP) of Newport Petroleum Corporation (Newport) for producing the Boundary Lake Taylor Flat "A" oil pool with a project oil and gas allowable.

NOW, THEREFORE, the Division Head, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production project of Newport for oil and gas production with project allowables, as such project is described in

an Application from Newport to the Division dated June 11, 1998, and related submissions.

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

1. The area of the scheme shall consist of NW/4 sec 14-85-14 W6M.
2. The project daily oil allowable is 10.9 m³.
3. Gas production from the scheme is limited to 25 10³ m³/d.
4. All produced gas must be conserved.
5. Royalty-free oil production for the discovery well A14-14-85-14 W6M (WA 10376) is limited to 3,374.1 m³ or the volume produced in the first 36 producing months, whichever is lesser.
6. The 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 14th day of July, 1998.

257
1742.1
1744.4

1740.0
1742.0