



September 4, 2007

4000-4582-59240-07

Richard Grenville, EIT  
Petroleum Engineer  
Titan Exploration Ltd.  
300, 550 – 11<sup>th</sup> Avenue S.W.  
Calgary AB T2R 1M7

Dear Mr. Grenville:

**RE: CONCURRENT PRODUCTION APPROVAL  
FORT ST JOHN SOUTHEAST – BEAR FLAT “A” POOL**

Commission staff have reviewed your application, dated July 16, 2007 to produce the subject oil pool under Concurrent Production approval.

Production from the subject pool commenced in December 2005 from the single well Titan et al SE Fort St John 5-2-83-17 W6M (WA 18092), under an approved daily oil allowable of 10.0 m<sup>3</sup>. The well 5-2 was granted discovery well status.

Based on production performance of modest oil rates with high gas-oil ratio, material balance estimates and geological mapping, the pool size is likely small with limited development potential. As gas production exceeds the solution gas-oil ratio and gas will be conserved, a Concurrent Production approval is considered appropriate. Accordingly, Approval 07-07-007 is hereby granted under Section 97 of the Petroleum and Natural Gas Act. This approval will allow flexibility in production management to maximize pool oil and gas recovery.

As the discovery well of a new oil pool, allowable based oil production from the well 5-2 is royalty exempt for the first 36 producing months. Therefore, a **royalty-exempt volume cap of 3868.9 m<sup>3</sup>** has been calculated for this well, as stated in condition #5 of the approval.

Please note that the project allowables may be amended if another operator successfully completes an oil well outside the project area in the subject pool.

Should you have any questions, please contact Richard Slocomb at (250) 952-0366.

Sincerely,

for Doug McKenzie  
Director  
Resource Conservation Branch

Attachment

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**RESOURCE CONSERVATION BRANCH**

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**APPROVAL 07-07-007**

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

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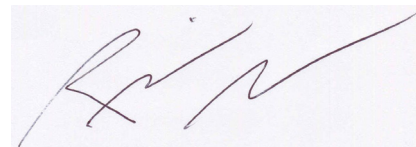
IN THE MATTER of a Concurrent Production scheme of Titan Exploration Ltd. (Titan) for producing the Fort St John Southeast – Bear Flat “A” pool with a project oil and gas allowable.

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

*an Application for Concurrent Production from Titan to the Commission dated July 16, 2007 and related submissions.*

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

1. The area of the project shall consist of :  
  
    Twp 83 Rge 17 – W/2 sect 2.
2. The project daily oil allowable is waived.
3. Project gas production will be limited to  $14.0 \times 10^3 \text{ m}^3/\text{d}$ .
4. All produced gas must be conserved.
5. Royalty exempt oil production entitlement for the discovery well Titan et al SE Fort St John 5-2-083-17 (WA# 18092) is limited to a volume of  $3868.9 \text{ m}^3$  or the volume produced in the first 36 producing months, whichever is lesser.
6. This approval may be modified or rescinded at a later date if deemed appropriate.



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for Doug McKenzie  
Director  
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 4<sup>th</sup> day of September 2007.