



May 13, 2009

2000-4520-59240-07

Michael Fabi
VP Engineering
Twin Butte Energy Ltd.
600, 324 – 8th Avenue S.W.
Calgary AB T2P 2Z2

Dear Mr. Fabi:

**RE: CONCURRENT PRODUCTION APPROVAL
BOUNDARY LAKE – CECIL “F” POOL**

Commission staff have reviewed your application, dated March 27, 2009, for Concurrent Production for the subject oil pool.

The Boundary Lake – Cecil “F” has been mapped as a linear sandstone body transected by several faults of uncertain displacement. Of the five wells penetrating this sand body only two are capable of production. The wells 1-6-85-14 W6M (WA# 21837) and 1-7-85-14 W6M (22059) are wet, while 7-6-85-14 W6M (WA# 4886) is likely oil bearing though DST’s were indeterminate. The two producing wells are TBE Boundary 10-31-84-14 W6M (WA# 21839) and Northpine Boundary 14-30-84-14 W6M (WA# 21070). The Northpine 14-30 well is gas bearing and has been shut-in since January 16, 2007 as a suspected gas cap well to the 10-31 well. The 10-31 and 14-30 pressure data indicates partial communication, with trends that appear to be converging. It is inconclusive at this point if simultaneous gascap production will imperil ultimate oil recovery.

The Commission believes that a connection may exist between the 10-31 and 14-30 wells and currently maps these wells as part of the Boundary Lake Cecil “F” pool. In an effort to better define the connection between these two wells the Commission is issuing a temporary concurrent production approval allowing gascap gas production from the well Northpine Boundary 14-30-84-14 W6M. At the end of Northpine’s temporary production period, as per section 53(1) of the *Drilling and Production Regulation*, Twin Butte must conduct a reservoir pressure survey test to obtain a measurement of the current value.

Oil production from the 10-31 well commenced in February 2007 with a daily oil allowable of 10.0 m³. Oil production is currently restricted due to the GOR penalty factor. Pressure and production data indicate the pool is of limited size. A project gas limit of 5.0 10³ m³/d has been established and should allow economic production on a continuous but controlled basis. The Approval 09-07-002 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 recovery.

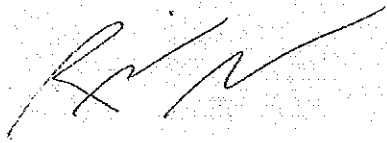
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Should you have any questions, please contact the undersigned at (250) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,

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

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

Attachment

APPROVAL 09-07-002

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

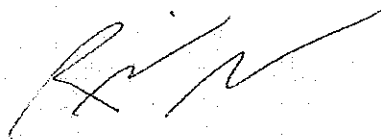
IN THE MATTER of a Concurrent Production scheme of Twin Butte Energy Ltd. (Twin Butte) for producing a portion of the Boundary Lake Cecil "F" pool without an oil allowable restriction.

NOW, THEREFORE, the Commission, pursuant to Section 97 of the Petroleum and Natural Gas Act, hereby approves a Concurrent Production scheme of Twin Butte for oil and gas production without an oil allowable, as such scheme is described in

an Application to the Commission dated March 27, 2009 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 ;
84-14W6M – E/2 Section 31
2. The project daily oil allowable is waived.
3. Gas production is limited to $5.0 \times 10^3 \text{m}^3/\text{d}$.
4. All produced gas 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. This approval may be modified or rescinded at a later date if deemed appropriate.



Richard Slocomb
Supervisor, Reservoir Engineering
Resource Conservation

DATED AT the City of Victoria, in the Province of British Columbia, this 14th day of May, 2009.