



July 7, 2008

2000-4535-59240-07

Chris Mundy, P.Eng.
Manager, Engineering
Twin Butte Energy Ltd.
600, 324 – 8th Avenue SW
Calgary, AB T2P 2Z2

Dear Mr. Mundy:

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

Commission staff have reviewed the application for Concurrent Production approval, dated May 28, 2008, for the subject pool.

Production from the Cecil “F” pool commenced in July 2006, from the gas-cap well Northpine Boundary 14-30-84-14 W6M (WA #21070). The well 14-30 was shut-in January 2007, with oil production beginning in February 2007 from the well TBE Boundary 10-31-84-14 W6M (WA #21839) under an approved Daily Oil Allowable (DOA) of 10.0 m³. Cumulative oil production has reached over 4,000 m³. The well TBE Boundary 1-6-85-14 W6M (WA# 21837) is interpreted to have encountered the pool water-leg.

The onset of increased gas-oil ratio, with reduction in DOA adjustment factor, was co-incident with a period of over-production of the DOA that resulted in the well 10-31 being shut-in in April 2008 to retire the over-production volume. The retirement period is calculated to end on July 20, 2008. Re-commencement of operation will provide a period to determine rate sensitivity of the GOR under primary production with adherence to the allowable rate.

Concurrent Production approval, with controlled gas-cap production, would be premature at this time. The estimated original reserves presented in the application are based partially on estimated oil-water and gas-oil pool contacts, allowing some latitude in interpretation. The engineering and economic feasibility of using the existing well 1-6 for waterflood operation should be examined, with support from PVT and mobility ratio analysis.

Should you have any questions, please contact Ron Stefik at (250) 952-0310 or Kelly Okuszko at (250) 952-0325.

Sincerely,

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

RESOURCE CONSERVATION

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