



OIL AND GAS CO

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

Copy 10

July 22, 2003

David Cheesman, Geologist  
EnCana Corporation  
2900, 421 – 7<sup>th</sup> Avenue SW  
PO Box 2850  
Calgary AB T2P 2S5

- Wellfile (originals)
- 59240
- Dally
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- C. Gibson
- D. Krezanoski

40/5170-2800-59240-15  
OGC – 03193

*Application rejected*

Dear Mr. Cheesman:

**RE: APPLICATION FOR EXPERIMENTAL SCHEME STATUS  
CUTBANK/KELLY AREA – CADOMIN FORMATION**

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The Commission has reviewed Encana Corporation’s (Encana) application dated April 13, 2003 requesting an Experimental Scheme status for producing tight gas reserves from the Cadomin Formation in the Cutbank area and Kelly area of northeast British Columbia.

Notice of Encana’s application was published in the B.C. Gazette with May 22, 2003 being the last date for any objections. In response to the gazette notice, two letters of objections were received. Devon Canada Corporation (Devon) filed a letter of objection on May 21, 2003 and Burlington Canada Resources Ltd. (Burlington) filed a letter of objection on May 22, 2003. A copy of each of these letters of objections was also sent directly to EnCana by Devon and Burlington.

In response to both Devon and Burlington’s objection, EnCana submitted a letter dated May 27, 2003. Encana’s letter indicated it considers the objections from both Devon and Burlington to be unfounded as they are based on the assumption that Encana will utilize standard industry practices for developing the Cadomin Formation in the Cutbank/Kelly area.

EnCana staff met with the Commission staff in Victoria on June 1, 2003 to review in detail its plans for developing Cadomin gas production.

To present its arguments against granting experimental scheme status, Burlington staff met with the Commission staff in Victoria on June 24, 2003.

It is noted that Burlington has been actively pursuing Cadomin development on the Alberta side of the Alberta-British Columbia border for nearly 15 years and that over the last 18 months it has completed a total of 91 Cadomin wells. It is also noted that Burlington has recently drilled 6 successful vertical wells for Cadomin production on lands between EnCana’s two requested experimental scheme blocks.

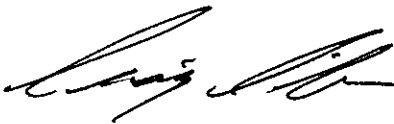
Based on consideration of the data and material presented by EnCana, Devon and Burlington, the Commission finds:

1. The geological depositional models presented by EnCana and Burlington are similar. Both recognize decreasing reservoir quality and increasing formation thickness to the northwest.
2. EnCana's proposed drilling and completion techniques include methods and procedures that have been previously applied, methods and procedures that are similar to those previously applied but with some variation, and methods and procedures that have yet to be applied to the Cadomin formation in the area. Overall, the majority of the project appears to consist of variations or refinements of previously applied techniques.
3. EnCana's proposed project may identify a technique or techniques resulting in the economic recovery of gas from the Cadomin in the local area.
4. Burlington has demonstrated a technique that, based on test rates, shows economic gas recovery from the Cadomin immediately adjacent to EnCana's proposed scheme areas.
5. Demonstration of successful gas recovery by EnCana's technique or techniques in the scheme areas will not necessarily indicate that technique or techniques would be successful in the currently undeveloped portion of the Cadomin to the northwest.
6. There appears to be no significant potential benefit to the Province from EnCana's proposed scheme.

Reviewing all submissions, the Commission concludes that EnCana has not definitively demonstrated that its drilling and completion techniques are untried and unproved in the particular application. Therefore, Encana's application does not qualify for experimental scheme status.

Should you have any questions, please contact Craig Gibson at (250) 952-0294 or Peter Attariwala at (250) 952-0311.

Sincerely,



Craig Gibson, P. Eng.  
Manager  
Reservoir Engineering and Geology

cc: Tim Watters, Exploration Manager – Deep Basin Team; Devon Canada Corporation  
Lucy Rock, Reservoir Engineer, Deep Basin; Burlington Resources Canada Ltd.