



July 3, 2001

740-8580-59240-15
OGC - 01137

Mr. M.R. Binnion
President, Chief Executive Officer
Questerre Energy Corporation
1580 Guinness House
727 Seventh Avenue SW
Calgary AB T2P 0Z5

*Experimental
Questerre Project (05)*

Dear Mr. Binnion:

**RE: APPLICATION FOR EXPERIMENTAL SCHEME
BEAVER RIVER NAHANNI "A" POOL**

The Commission has reviewed your application dated May 10, 2001 requesting approval of a new experimental scheme for "dewatering" of the aquifer with concurrent gas production from the subject pool.

Attached is Approval 01-15-005 for the application granted under section 100 of the Petroleum and Natural Gas Act. The scheme is considered experimental as it involves a potentially long dewatering period with unknown gas flow rates. Approval allows testing of the dewatering production plan within an individual compartment of the pool.

In accordance with section 57 of the *D & P Regulation* all well reports and well data within the scheme area will be held confidential for a period of 3 years.

Approval 99-15-001 granted to Wascana Energy Inc. on June 18, 1999 for the pool is hereby rescinded.

Sincerely,

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

Attachment

cc: Resource Revenue Branch
Ministry of Provincial Revenue

Petroleum Lands Branch
Ministry of Energy and Mines

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

Copy 9

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

ENGINEERING AND GEOLOGY BRANCH

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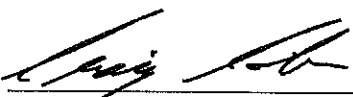
APPROVAL 01-15-005

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

IN THE MATTER of the experimental scheme of Questerre Energy Corporation (Questerre), for "dewatering" of the aquifer with concurrent gas production from the Beaver River Nahanni "A" pool.

The Commission, pursuant to section 100 of the *Petroleum and Natural Gas Act*, R.S.B.C. 1996, c.361 orders as follows:

1. The experimental scheme for dewatering with concurrent gas production from the Beaver River Nahanni "A" pool as described in the application from Questerre to the Commission dated May 10, 2001 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of
 - 94-N-16: Block E, unit 91
Block F, units 98-100
Block J, units 80, 90, 100
Block K, units 8-10, 16-20, 26-30, 34-39, 44-49, 52-57, 62-67, 71-77, 81-87, 91-95
Block L, units 1, 11, 21
 - 95-C-1: Block B, fractional unit 10
Block C, fractional units 1, 2, 3, 4, and 5.
3. Within 60 days after the end of each 6-month period, a report of the progress, performance and efficiency of the scheme during that period must be filed. The following information must be included in the progress report:
 - The daily average rate of gas and water production during each month for each producing well, and for the scheme as a whole;
 - The monthly cumulative gas and water production for each producing well, and for the scheme as a whole;
 - The date and type of any well treatment or workover for any well in the scheme;
 - Any other interpretative information that is considered necessary, in the opinion of the Commission, to evaluate the progress, performance and efficiency of the scheme.
4. All produced water from the scheme area will be disposed of into an underground formation.
5. A gas well may be drilled anywhere within the scheme area provided that it is not nearer than 250 m to the sides of the scheme area.
6. All information and analysis related to the scheme shall be made available to the Commission upon request.
7. The approval or any condition of it may be modified or rescinded at a later date if deemed appropriate.



Craig Gibson, Manager
Reservoir Engineering and Geology
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 3rd day of July 2001.