



OIL AND GAS COMMISSION

November 20, 2006

2920-4800-59240-06

David Mitchell, P.Eng.
Area Coordinator
Baytex Energy Ltd.
2200, 205 – 5th Ave S.W.
CALGARY, AB T2P 2V7

Dear Mr. Mitchell:

RE: GOOD ENGINEERING PRACTICE APPROVAL
CACHE CREEK – HALFWAY “A” POOL

Oil and Gas Commission staff have reviewed your application, dated October 12, 2006, requesting Good Engineering Practice (GEP) scheme approval for producing gas from a portion of the subject pool.

The lands under application form an other than normal gas spacing area which is approximately 50% larger than a typical gas spacing area. This other than normal spacing area currently has three wells producing from the subject pool. The original two wells; 10-28-88-22 (WA# 8242) and 2-33-88-22 (WA# 5345) were allowed to produce by way of a shared daily gas allowable. Dominion Exploration Ltd. drilled a third well B2-33-88-22 (WA# 14649) in December 2001, and placed this well on production in April 2002. As a result, the Commission requested that an application for GEP be submitted to ensure that all three wells were allowed to continue producing in an effort to maximize pool recovery.

Please find attached Approval 06-06-065, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. No objections were received following a publication of notice of the application in the BC Gazette.

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

Sincerely,

A handwritten signature in black ink that reads 'D. McKenzie'. The signature is written in a cursive style with a long, sweeping tail on the 'z'.

Doug McKenzie
Director
Resource Conservation Branch

Attachments

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0291
Location: 6th Flr 1810 Blanshard St, Victoria BC

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APPROVAL 06-06-065

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

IN THE MATTER of a Good Engineering Practice (GEP) scheme of Baytex Energy Ltd. (Baytex) for producing a portion of the Cache Creek – Halfway “A” gas pool without spacing and target restrictions.

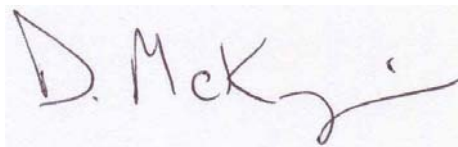
NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Baytex as such scheme is described in

an Application from Baytex to the Commission dated October 12, 2006.

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

1. The area of the scheme shall consist of:

088-22 W6M - section 28 and fractional section 33
94-A-11: Block L – fractional units 6 and 7.
2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.
3. The gas wells within the project area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of November 2006.