



July 5, 2006

2400-2900-59240-06

Louise Sidorenko
Senior Development Engineer
Bonavista Petroleum Ltd.
700, 311 – 6th Avenue SW
Calgary AB T2P 3H2

Dear Ms. Sidorenko:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1
BUICK CREEK - DUNLEVY “P” POOL**

The Buick Creek - Dunlevy “P” is a single well pool, produced from Bonavista et al Buick a-81-K/94-A-11 (WA# 15179). The Commission issued Good Engineering Practice (GEP) scheme approval #04-06-055 on August 23rd, 2003 for the subject pool “to allow operational flexibility to quantify pool reserves for evaluation of waterflood potential”. Production and reservoir pressure data now permits a confident calculation of original-oil-in-place for this high quality pool.

A letter dated June 30, 2006 from Bonavista Petroleum Ltd. summarizes development attempts to-date, and future plans. The Commission is concerned that continued primary recovery under the current allowable will imperil future waterflood potential and effectiveness and thus ultimate oil recovery.

Currently, there is no issue of competitive drainage. Cumulative oil production to the end of May 2006 is 44,767 m³. Continued primary production, under a reduced allowable, will provide a longer window of opportunity for pool development and waterflood implementation, as well as an indication of GOR sensitivity to production rate. Therefore, attached is GEP Approval 04-06-055, Amendment #1 granted under Part 8, Division 6, Section 101 of the Drilling and Production Regulation, as per condition #5 of the original approval.

Should you have any questions, please contact Richard Slocomb at (250) 952-0366 or Ron Stefik at 952-0310.

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 04-06-055 (Amendment #1)

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

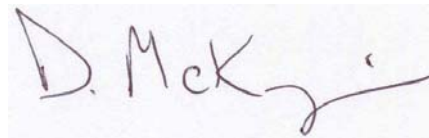
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Bonavista Petroleum Ltd. (Bonavista) for producing the Buick Creek Dunlevy "P" oil pool without well spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby amends the GEP scheme of Bonavista for drilling wells without spacing and target restrictions, as such scheme is described in

an Application to the Commission dated July 21, 2004.

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

1. The area of the scheme shall consist of:
94-A-11 Block K – unit 81.
2. The project daily oil allowable is 10.6 m³.
3. Associated gas production must be conserved.
4. 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 scheme area.
5. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

DATED AT the City of Victoria, in the Province of British Columbia, this 5th day of July 2006.