



July 20, 2007

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 #2
BUICK CREEK - DUNLEVY "P" POOL

Commission staff have reviewed your application, dated July 5, 2007, to remove the daily oil allowable for the subject pool. The Buick Creek - Dunlevy "P" pool is produced from the single well Bonavista et al Buick a-81-K/94-A-11 (WA# 15179). Operating under a Good Engineering Practice (GEP) scheme approval since 2003, an amendment dated July 5, 2006 reduced the daily oil allowable to a spacing area reserves based value. An annual oil allowable approval for the current production year has provided additional performance data to evaluate GOR sensitivity and pool reserves.

The recent step-rate production data indicates that continuous operation should maintain a consistent gas-oil ratio, benefiting pool primary recovery. The Commission recognizes that efforts to develop this pool have been unsuccessful to-date and that secondary recovery may be problematic due to the close vertical proximity to the underlying depleted Dunlevy "C" gas pool. However, the Commission remains concerned that optimal pool hydrocarbon recovery will not be achieved with this single drainage point.

Currently there is no issue of competitive drainage. Cumulative oil production to the end of May 2007 is 47,262 m³, demonstrating the ability of the well a-81-K to recover reserves beyond the assigned spacing area. Attached is GEP Approval 04-06-055, Amendment #2, granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. The daily oil allowable is increased to a value of 21.7 m³, permitting continuous production. Daily well production must not exceed the "daily production rate", as per Section 75(2) of the *Regulation*, defined as 125% of the GOR adjusted allowable.

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 #2)

**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 and July 5, 2007
and related submissions.*

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 21.7 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 20th day of July 2007.