



May 12, 2004

7020-8200-59240-06

OGC - 04174

Kevin Hunter  
Exploitation Engineer  
Canadian Natural Resources Limited  
2500, 855 - 2nd Street S.W.  
Calgary AB T2P 4J8

CNRL Project (07)

NOW PART OF HELMET FIELD.

Dear Mr. Hunter:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1  
PEGGO-PESH - JEAN MARIE "A" POOL**

The Commission has reviewed your application dated April 27, 2004, requesting a Good Engineering Project (GEP) scheme approval for producing gas from the Jean Marie formation in the Peggo area.

The Commission maps the area of application as a portion of the Peggo-Pesh - Jean Marie "A" gas pool. A GEP approval, dated January 29, 2004, was granted to Canadian Natural Resources Limited for a large adjacent area.

The Approval 04-06-007 (Amendment #1) is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*. This amendment expands the area of the original approval to incorporate the additional six gas spacing areas requested in your application.

This approval is intended to allow operational flexibility and to allow the drilling and production of horizontal gas wells without spacing and target considerations for maximization of gas recovery.

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

Sincerely,

Craig Gibson, P. Eng.  
Director  
Resource Conservation Branch

Attachment

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

Copy 10

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

RESOURCE CONSERVATION

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3

Location: 6<sup>th</sup> Flr 1810 Blanshard St, Victoria BC

**APPROVAL 04-06-007 (AMENDMENT #1)**

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

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IN THE MATTER of a Good Engineering Practice (GEP) scheme of Canadian Natural Resources Limited (CNRL) for producing a portion of the Peggo-Pesh Jean Marie "A" pool gas without well spacing, target and production 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 CNRL for drilling wells without spacing and target restrictions, as such scheme is described in

*an Application from CNRL to the Commission dated December 1, 2003  
and April 27, 2004.*

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

1. The area of the project shall consist of:

94-P-1:

Block J - units 58, 59, 68, 69, 78-80, 88-90, 96-100

Block K - units 54-57, 64-67, 71-77, 81-87, 91-100

Block L - units 60, 70, 80, 90-100

94-P-2:

Block I - units 51-55, 61-65, 71-75, 81-85, 91-95

94-P-7:

Block A - units 1-5, 11-15, 21-25, 31-35, 41-45, 51, 61, 71, 81, 91

Block H - units 1, 11, 21

94-P-8:

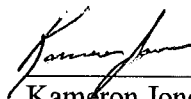
Block B - units 6-10, 12-20, 22-30, 34-40, 44-50

Block C - units 1-50

Block D - units 1-50, 58-60, 68-70, 78-80, 88-90, 100

Block E - units 10, 20 and 30.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the project area are not completed nearer than 250 m to the sides of the approved project 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.



Kameron Jones  
Deputy Commissioner  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 12<sup>th</sup> day of May 2004.