



August 10, 2004

5500-2600-59240-06
OGC - 04241

Wayne Kennedy, P.Eng.
Exploitation Engineer
Canadian Natural Resources Limited
2500, 855 - 2nd Street SW
Calgary AB T2P 4J8

CNRL Project (02)

Dear Mr. Kennedy:

RE: GOOD ENGINEERING PRACTICE APPROVAL
LADYFERN - BLUESKY "D" POOL

The Commission has reviewed your application dated May 27, 2004 requesting a Good Engineering Practice (GEP) scheme approval for producing gas from the Adskwatim area Bluesky formation.

The application wells have been tentatively mapped by the OGC as completed in the Ladyfern - Bluesky "D" pool.

The attached GEP scheme Approval 04-06-054 is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*. The approval is intended to allow operational flexibility and to allow the production of gas wells without spacing and target considerations for maximization of gas recovery. Waiver of the off-target penalty for the well CNRES Adskwatim a-10-A/94-H-1 (WA# 14696) is addressed in a separate order.

Should you have any questions, please contact Ron Stefik (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 #1

<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59240
<input type="checkbox"/>	Daily
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	S. Chicorelli
<input type="checkbox"/>	R. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	XXXXXXXXXX
<input type="checkbox"/>	R. Slocomb
<input type="checkbox"/>	D. Krezanoski
<input type="checkbox"/>	Leesa Turner

RESOURCE CONSERV.

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 352-0002 Fax: (250) 352-0001

Location: 6th Flr 1810 Blanshard St, Victoria BC

APPROVAL 04-06-054

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 Canadian Natural Resources Limited (CNRL) for producing the Ladyfern Bluesky "D" gas 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 approves 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 May 27, 2004.

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

1. The area of the project shall consist of:

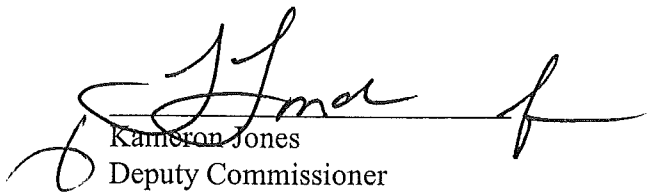
94-A-16 Block I – unit 100
Block J – unit 91

94-H-1 Block A – unit 10
Block B – unit 1.

2. The project daily gas allowable is $60.0 \times 10^3 \text{ m}^3/\text{d}$.

3. 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.

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 Fort St. John, in the Province of British Columbia, this 5th day of August 2004.