



July 5, 2004

6140-4800-59240-06
OGC - 04213

Jeff Bergeson, P.Eng.
Exploitation Manager
Canadian Natural Resources Limited
Suite 2500, 855 - 2 Street S.W.
Calgary AB T2P 4J8

CNRL Project #2 (05)

Dear Mr. Bergeson:

RE: GOOD ENGINEERING PRACTICE APPROVAL
MONIAS - HALFWAY FORMATION

The Commission has reviewed your application dated May 18, 2004, requesting a Good Engineering Project (GEP) scheme approval for producing the Halfway formation gas from section 15-82-21 W6M of the Monias field.

A GEP Approval (04-06-037) was granted to CNRL on April 26, 2004 under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*, with approval area being sections 5-9, 16, 17 and 21-82-21 W6M. Although sec 15-82-21 W6M was originally requested to be included within the GEP area, the area was dropped due to an objection from Devon Canada. CNRL has now requested a separate GEP for section 15-82-21 W6M. CNRL mailed a copy of this application to Allan Mayder of Devon Canada. Also, a notice of the application was published in the BC Gazette of May 27 and June 3, 2004. No objections were received from Devon Canada by the deadline of June 17, 2004. Although the Commission normally requires all land owners to submit a letter supporting the application, the Commission believes that higher density drilling in the Monias Halfway is justified to maximize gas recovery from this relatively tight reservoir. It is for this reason that a total of six GEP scheme approvals have been granted for Halfway formation gas production within the Monias field. Therefore, in this case the Commission believes that CNRL, as 50% owner of section 15-82-21 W6M, is entitled to a GEP. It should be noted that Devon has various options under the land ownership agreement to resolve the differences with CNRL. Attached Approval 04-06-045 is intended to allow operational flexibility and to allow the drilling and production of gas wells without spacing and target considerations for maximization of gas recovery.

Should you have any questions, please contact Peter Attariwala at (250) 952-0311 or Ron Stefik at (250) 952-0310.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

Cc: Allan Mayder, Devon Canada

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

Copy 9

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

RESOURCE CONSERVATION BRANCH

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APPROVAL 04-06-045

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 Monias Halfway formation gas wells without spacing and target restrictions.

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

an Application from CNRL to the Commission dated May 18, 2004.

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

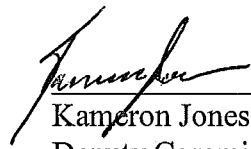
1. The area of the project shall consist of:

Twp 82 Rge 21 W6M - section 15.

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 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 Fort St. John, in the Province of British Columbia, this 25th day of June 2004.