



March 20, 2008

7250-2630-59240-06

David Sanderson, P. Eng.  
Exploitation Engineer  
Canadian Natural Resources Limited  
Suite 2500, 855 – 2 Street S.W.  
Calgary AB T2P 4J8

Dear Mr. Sanderson:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE  
PICKELL – BLUESKY-GETHING “A” POOL**

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The Commission has reviewed your application dated February 1, 2008 requesting a Good Engineering Practice (GEP) scheme approval for producing gas from a portion of the Pickell field Bluesky-Gething “A” pool.

Notice of the application was published in the OGC website. Iteration Energy Ltd. (Iteration), operator of the recently drilled wells d-43-F/94-H-3 (WA 23726), c-52-F/94-H-3 (WA 22492), d-64-F/94-H-3 (WA 23807) and a-A80-G/94-H-3 (WA 23133), submitted an objection on February 26, 2008. In response, CNRL submitted their comments dated March 12, 2008. Iteration on March 18, 2008 submitted their reaction to CNRL’s comments.

It should be noted that the four recently drilled wells by Iteration (d-43-F, c-52-F, d-64-F and a-A80-G/94-H-3) have been mapped in the Pickell field Bluesky-Gething “A” pool by the Commission.

A technical analysis of geology, production history, pressure data and reserves indicates that the subject pool is performing as would be expected from a conventional reservoir. The production performance of gas wells shows that these wells are expected to adequately recover spacing reserves from a single wellbore. The Commission agrees with Iteration that producing two wells within the requested GEP area will likely only result in inequitable drainage and accelerate production and would not yield any appreciable incremental reserves. Therefore, the Commission is unable to approve your application for GEP at this time. Accordingly, CNRL must ensure that only one well within the gas spacing area is produced and that the status of the non-producing well is either suspended or observation.

Please note that a GEP for the Gething zone only may be considered at a future date if it can be shown that the Bluesky and Gething are separate pools and that no depletion has occurred in the Gething zone.

Should you have any questions, please contact the undersigned at (250) 952-0366.

Sincerely,

Richard Slocomb, P. Eng.  
Supervisor, Reservoir Engineering  
Resource Conservation

Cc: Steve Kehoe (Iteration Energy Ltd.)

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**RESOURCE CONSERVATION**

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