



September 21, 2006

7760-7700-59240-06

Jeff Knibbs, R.P.T.
Exploitation Technologist
Canadian Natural Resources Limited
2500, 855 – 2nd Street SW
Calgary AB T2P 4J8

Dear Mr. Knibbs:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1
SHEKELIE FIELD – BANFF “A” POOL**

Commission staff have reviewed your application, dated July 28, 2006, requesting an amendment to the Good Engineering Practice (GEP) scheme approval granted March 23, 2006 for the subject pool.

The area of application encompasses Other Than Normal gas spacing areas along the British Columbia – Alberta border, adjacent to the original approval. Production performance from existing wells supports the requirement for more than one well in each of these enlarged spacings, for effective reserves recovery from this low pressure reservoir.

Attached is GEP project Approval 06-06-019 (Amendment #1), granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. Notice of the application was published in the B.C. Gazette, with no objections received. This approval includes lands outside of the current pool boundary but prospective for Banff gas, to accommodate development planning. This approval is intended to allow the drilling and production of gas wells to maximize gas recovery.

Please note that this area is included within the February 3, 2006 approval permitting commingled gas production from the Shunda and Banff formations.

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

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 06-06-019 (AMENDMENT #1)

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

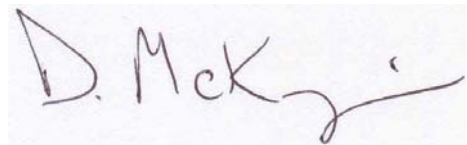
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Canadian Natural Resources Limited (CNRL) for producing a portion of the Shekelie – Banff “A” pool without spacing and target restrictions.

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

an Application from CNRL to the Commission dated January 17, 2006 and July 28, 2006 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-I-16 Block H - units 51-53, 61-63, 71-73, 81-83, 91-93
Block I - units 1-3, 11-13 and 21-23.
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.



Doug McKenzie
Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 21st day of September 2006.