



OIL AND GAS COMMISSION

File: 2200-4800-59240-06
OGC 000260

2200-4800-59240-06

November 2, 2000

Coastal Project (02)

Kerry D. Rawson, P.Eng
Staff Petroleum Engineer
New Business Development
Coastal Oil & Gas Canada Inc.
2800, 707 8th Avenue, SW
Calgary, AB
T2P 1H5

Dear Kerry Rawson:

**RE: GOOD ENGINEERING PRACTICE APPROVAL 00-06-004, AMENDMENT #1
BUBBLES HALFWAY FORMATION**

The Commission has reviewed your application dated August 11, 2000 and the joint application by Coastal and Startech Energy Inc. dated August 30, 2000 requesting an amendment to the Good Engineering Practice scheme (GEP Approval 00-06-004), for the Bubbles Halfway formation, issued on August 3, 2000.

Petro-Canada Oil and Gas Ltd. (PCOG) submitted an objection dated September 22, 2000 in respect of certain lands in the proposed enlargement, on the grounds that PCOG has a working interest through a "Pooling and Equalization Agreement". The Commission considers the "Pooling and Equalization Agreement" a private contractual matter amongst the parties. In view of this, PCOG was asked to submit, by October 31, 2000, further technical, legal or other information regarding the grounds upon which its objections are based. No comments were received from PCOG by this deadline.

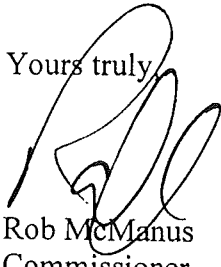
Approval 00-06-004 (Amendment #1) is hereby granted under Part 8, Division 6, section 101 of the British Columbia *Drilling and Production Regulation*. This amendment enlarges the area of the original approval, the applicant having demonstrated that they control the Halfway rights over this additional land.

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

OFFICE OF THE COMMISSIONER

#200, 10003 110 Ave Fort St. John BC V1J 6M7 Ph: (250) 261-5729 Fax: (250) 261-5744
<http://www.ogc.gov.bc.ca> Ph: (250) 261-5700 24 Hr.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rob McManus', written over the text 'Yours truly,'.

Rob McManus
Commissioner

Attachment

pc: Peter Attariwala, Supervising Reservoir Engineer
Ron Stefik, Sr. Reservoir Engineering Technician

APPROVAL 00-06-004 (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 Coastal Oil & Gas Canada, Inc. (Coastal) for producing Bubbles 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 amends the GEP scheme of Coastal for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Coastal to the Commission dated May 1, August 11, and August 30 2000.

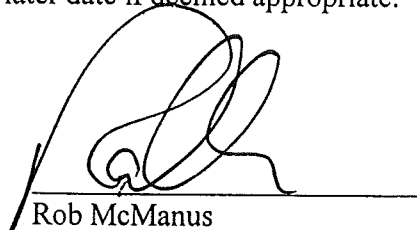
This scheme is approved, subject to the conditions herein contained and, in particular:

1. The area of the project shall consist of;

94-G-1 Block I - units 32-39, 42-49, 52-59, 62-69, 72-79, 82-89, 92-100
Block J - unit 91

94-G-8 Block A - units 2-10, 14-20, 24-30, 36-40, 46-50, 58-60, 68-70, 78-80, 88-90, 100
Block B - units 1, 11, 21, 31-37, 41-47, 51-55, 61-65, 71-75, 81-85, 91
Block G - unit 1
Block H - unit 10

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.



Rob McManus
Commissioner
Oil and Gas Commission

DATED AT the City of Fort St John, in the Province of British Columbia, this 8th day of November 2000.