



October 18, 2000

2200-4800/5800-4800-59240-06
OGC-000246

Mr. Kevin Wright
Manager, New Business Development
Coastal Oil and Gas Canada Inc.
2800 707 8th Ave SW
Calgary AB T2P 1H5

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE
BUBBLE/LAPRISE AREAS, HALFWAY FORMATION**

On August 30, 2000, Coastal Oil and Gas Canada Inc. (Coastal) applied on behalf of the working interest partners, to amend Good Engineering Practice (GEP) Approvals 00-06-004 and 00-06-005 for portions of the Bubble/Laprise Halfway (2200-4800/5800-4800) formation to include the following lands:

- 94-G-8 Block A: units 60, 70, 80, 90, 100
- Block B: units 51-53, 61-63, 71-73, 81-83, 91
- Block G: unit 1
- Block H: unit 10

Petro Canada Oil and Gas Ltd. (PCOG), as a working interest owner in a portion of the lands applied to be included in the proposed enlargement, submitted an objection on September 22, 2000, and requested that certain lands be excluded from the enlargement. The lands cited by PCOG include the following:

- 94-G-8 Block A: units 80, 90, 100
- Block B: units 71, 81, 91
- Block G: unit 1
- Block H: unit 10

PCOG further submitted that the cited lands are governed by a "Pooling and Equalization Agreement" dated February 1, 1992. The objection by PCOG as a working interest owner in certain lands included in Coastal's application gives rise to a question regarding the application by Coastal on behalf of the working interest partners. Coastal is therefore requested to confirm by October 31, 2000, that it is the operator of the lands cited by PCOG and has the authority to make application to amend the GEPs.

Coastal's attention is directed to section 8 of the *Oil and Gas Commission Act* that directs the Commission to encourage the use of consensual alternative dispute resolution methods to resolve disputes. If the working interest owners are unable to reach a resolution on their own initiative, the Commission may, upon application, consider authorizing a person to facilitate settlement of the dispute by a process of consensual alternative dispute resolution. However, the Commission will not intervene if the dispute is entirely in relation to a matter of a contract or agreement among the parties.

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

Yours truly,

Craig Gibson, P. Eng.
Manager
Reservoir Engineering and Geology

Cc: Connie DeCiancio (Petro Canada Oil & Gas)
Wade Becker (Startech Energy Inc.)

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

ENGINEERING AND GEOLOGY BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-030;
Location: 6th Fir 1810 Blanshard St. Victoria BC

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (250) 261-5729 Fax: