



OIL AND GAS COMMISSION

December 12, 2005

5600-4540-59240-06

OGC -05352

Ryan Chong
Vice President, Production
Crew Energy Inc.
1920, 205 – 5th Avenue SW
Calgary AB T2P 2V7

Dear Mr. Chong:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE WITH CONCURRENT PRODUCTION;
LAPRISE CREEK – COPLIN “B”**

The Commission has reviewed your letter dated October 25, 2005 requesting a Good Engineering Practice (GEP) scheme approval with concurrent production for producing oil and gas from the subject pool.

The Commission agrees with Crew Energy Inc. and their partner (E4 Energy Inc.) that it is in the best interest of all parties to resolve the issue concerning the optimal depletion strategy for this pool. Unfortunately, the diversity of ownership within the subject pool has not yielded a unified approach to depletion.

Crew Energy and E4 believe that production rate limitations will not affect ultimate oil recovery and that implementation of a waterflood would not yield incremental oil recovery. Third party simulation studies carried out on behalf of Crew Energy and their partner have been presented to support these cases. Furthermore, facility costs associated with waterflooding were identified as extremely high due to the remote location of this pool and uncertainty of injection water availability.

Northpine Energy Ltd. believes that this pool is analogous to other Charlie Lake pools in the region and may be a good candidate for improved recovery through waterflooding. Additionally, Northpine has identified a ready supply of water from adjacent Baldonnel producing wells, with further available capacity from four shut-in gas wells. Therefore, waterflooding in this instance may have the added benefit of bringing additional stranded gas on stream.

As of November 30, 2005 Northpine Energy's well (d-A26-H/94-G-8) is no longer on test production and is now subject to a GOR penalized daily oil allowable. As such, all three parties are currently subject to the same production restrictions. The Commission encourages Crew, E4 and Northpine to work together in developing a common approach for maximization of pool oil recovery. The Commission believes that information sharing may be helpful in bringing the parties together.

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RESOURCE CONSERVATION BRANCH

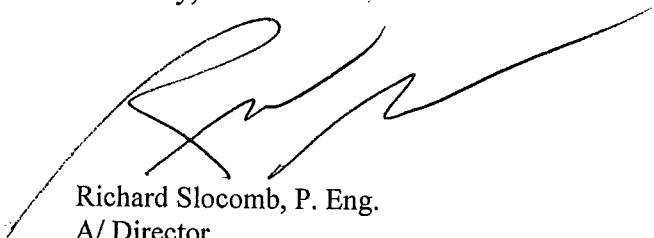
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Furthermore, the Commission would like to remind Crew Energy of the requirement to obtain written statements from interested parties, indicating their reaction to an application for GEP with Concurrent Production. Northpine was not made aware of your request to the OGC to reconsider approval of a GEP with concurrent production scheme for the subject pool.

The OGC has determined that your application for GEP with concurrent production is not appropriate at this time. If pool interest holders are not able to reach agreement as to an appropriate depletion strategy, Northpine will be required to provide technical justification for waterflood pressure maintenance to the Commission in a timely manner. Otherwise the Commission will make a decision on the Crew Energy/E4Energy application based on existing technical information.

Sincerely,



Richard Slocomb, P. Eng.
A/ Director
Resource Conservation Branch

Cc: Graham Cormack, E4 Energy Inc.
Kerry Rawson, Northpine Energy Ltd.

Approval Letters to Industry
GEP, SWD, Concurrent Prod, Pressure
Maintenance, Waterflood, Etc.

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