



OIL AND GAS COMMISSION

October 17, 2006

5170-2850-59240-06

Neil Rubeniuk
Engineering Supervisor
Sub-Surface Regulatory & Royalty Optimization
ConocoPhillips Canada Resources Corporation
401 - 4th Avenue S.W.,
Calgary, Alberta, T2P 3C5

Dear Mr. Rubeniuk:

RE: GOOD ENGINEERING PRACTICE APPROVAL
KELLY FIELD NIKANASSIN FORMATION

The Commission has reviewed your application dated August 23, 2006 requesting approval for a Good Engineering Practice (GEP) scheme for producing Nikanassin formation gas from the Kelly area.

Attached is Approval 05-06-061 granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*.

This approval will allow the drilling of additional gas wells without regard for spacing and target regulations in order to maximize reserve recovery. No objections were received following a publication of notice of the application in the BC Gazette.

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

Sincerely,

A handwritten signature in black ink that reads 'D. McKenzie'. The signature is written in a cursive style with a long horizontal stroke at the end.

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 06-06-061

**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 ConocoPhillips Canada Resources Corporation (ConocoPhillips) for producing Nikanassin formation gas from the Kelly Field, without spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of ConocoPhillips for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from ConocoPhillips to the Commission dated August 22, 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:

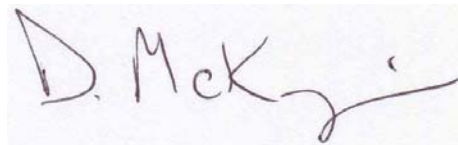
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Block I – units 71-73 and 81-83.

2. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved scheme area.

3. The gas wells within the scheme 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

DATED AT the City of Victoria, in the Province of British Columbia, this 17th day of October 2006.