



OIL AND GAS COMMISSION

July 21, 2006

4900-2900-59240-06

Kurtis Fischer
Senior Engineering Technologist
Crew Energy Inc.
1920, 205 – 5th Avenue SW
Calgary AB T2P 2V7

Dear Mr. Fischer:

RE: GOOD ENGINEERING PRACTICE APPROVAL
INGA – DUNLEVY “A” POOL

Commission staff have reviewed the application, dated June 22, 2006, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the Dunlevy formation in the Inga field.

The Commission has designated the gas wells under application to be part of the Inga – Dunlevy “A” pool.

The wells b-31-B/94-A-13 (WA 19698) and b-41-B/94-A-13 (19699) were drilled within the subject application area for deeper gas targets. Log analysis indicated that the Dunlevy zone was prospective in both wells. Subsequent completion operations resulted in commercial gas production from the b-31-B wellbore, while the b-41-B location showed no indications of gas after perforation. These results indicate considerable heterogeneity within the subject pool and support the need for additional producing wells in order to maximize reserve recovery. Therefore attached is Approval 06-06-047, granted under Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow operational flexibility for the drilling and production of additional gas wells within the GEP area, for maximization of gas recovery.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Doug McKenzie', is written over a light blue rectangular background.

(per) Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (250) 952-0302 Fax: (250) 952-0301
Location: 6th Flr 1810 Blanshard St, Victoria BC

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APPROVAL 06-06-047

**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 Crew Energy Inc. (Crew) for producing a portion of the Inga – Dunlevy “A” gas pool without well spacing and target restrictions.

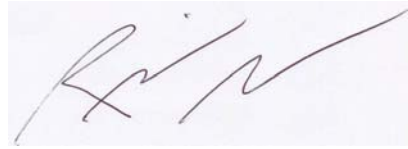
NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Crew for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Crew to the Commission dated June 22, 2006.

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

1. The area of the project shall consist of:

94-A-13: Block A – units 40 and 50
Block B – units 31 and 41.
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.



(per) Doug McKenzie
Director
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this day of July 2006.