



January 20, 2004

7745-5000-59240-06

OGC - 04018

Paul Walmsley, P.Eng.
Vice President - Business Development
Duvernay Oil Corp.
1500, 202 - 6th Avenue S.W.
Calgary AB T2P 2R9

Duvernay Project (02)

Dear Mr. Walmsley:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
SATURN - MONTNEY "A" POOL**

The Commission has reviewed your application dated November 19, 2003 requesting a Good Engineering Practice (GEP) scheme approval for producing gas from the Montney formation of the Saturn area.

The Commission has mapped the area of application to be within the Saturn field, Montney "A" pool.

Attached is a GEP scheme approval for the subject pool. The Approval 04-06-001 is hereby granted under Part 8, Division 6, Section 101 of the British Columbia *Drilling and Production Regulation*.

This approval is intended to allow operational flexibility and to allow the drilling and production of additional gas wells without spacing and target considerations for maximization of gas recovery.

It is noted that the GEP approval area is held under Drilling Licences. Please note that Petroleum and Natural Gas Lease selections must be made prior to gas production.

Sincerely,

Craig Gibson, P. Eng.
Director
Resource Conservation Branch

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 10

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- C. Gibson
- D. Krezanoski

RESOURCE CONSERVATION

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Location: 6th Flr 1810 Blanshard St, Victoria BC

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APPROVAL 04-06-001

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 Duvernay Oil Corporation (Duvernay) for producing Saturn - Montney "A" pool gas wells without spacing, target and production 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 Duvernay for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Duvernay to the Commission dated November 19, 2003.

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

1. The area of the project shall consist of:

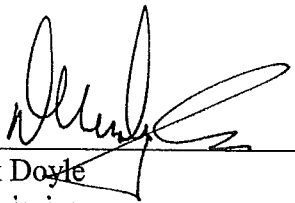
T79-R19 W6M: sections 32 and 33

T80-R19 W6M: sections 4 - 9.

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.



Derek Doyle
Commissioner
Oil and Gas Commission

DATED AT the City of Fort St. John, in the Province of British Columbia, this 14 day of January 2004.