

Oil and Gas Commission

October 7, 1998

Ms. Carol J. Virginillo, P. Eng.
Reservoir Engineering Specialist
Imperial Oil Resources Limited
237 4th Ave SW
Calgary AB T2P 0H6

Copies for Approval Letter to Industry (11)

RE: GEP, Salt Water Disposals, etc.

<input type="checkbox"/>	G. Miltenberger
<input type="checkbox"/>	Data Management
<input checked="" type="checkbox"/>	R. Stefik
<input type="checkbox"/>	D. Richardson
<input type="checkbox"/>	P. Attariwala
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	S. Chicorelli
<input type="checkbox"/>	Resource Revenue
<input type="checkbox"/>	59240
<input type="checkbox"/>	Wellfiles (originals)
<input type="checkbox"/>	Daily

7745-4520-59240-06
980743

Imperial Project (02)

Dear Ms. Virginillo:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1
SATURN CECIL "A" POOL**

Attached is an amended Good Engineering Practice (GEP) scheme approval for the subject pool, as requested in your application dated August 18, 1998.

The Approval 97-06-002, Amendment #1 is hereby granted under Part 8, Division 6, section 104 of the British Columbia *Drilling and Production Regulation*. The amendment recognizes the addition of a new well to the pool at 9-35-80-19 W6M.

This approval is intended to allow operational flexibility in order to maximize oil recovery. There are no equity issues at this time; however, the approval conditions may be modified if oil wells outside the project area are completed in the subject pool by another operator.

An Annual Oil Allowable was previously approved for the 1997-1998 production year, under section 77(2) of the *Drilling and Production Regulation*. A GOR adjustment factor of 0.91, based on the pool production totals of gas and oil from the previous production year, was applied to the 1997-98 production year (November 1, 1997–October 31, 1998) allowable. Overproduction from the previous year amounted to 234.1 m³. The project allowable is modified from 24.2 m³/d to 34.2 m³/d effective the date of application, August 18, 1998. The net result is an amended production target of 8,486.4 m³.

Please note that the production target for the 1998-99 production year will be determined once pool production data up to October 31, 1998 is available, following the same methodology.

We note that the feasibility of a secondary recovery waterflood scheme is being examined for this pool. Accordingly, this GEP approval will terminate on October 31, 1999, the end of the next production year.

Yours sincerely,



B. van Oort, P. Eng.
Director
Subsurface Administration Branch

Attachment

PSA/mef

Mailing Address:
PO Box 9329 Stn Prov Gov't
Victoria BC V8W 9N3

Location:
6th Flr 1810 Blanshard St
Victoria BC V8T 4J1

Phone: (250) 952-0302
FAX: (250) 952-0291

APPROVAL 97-06-002 (Amendment #1)

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
OIL AND GAS COMMISSION

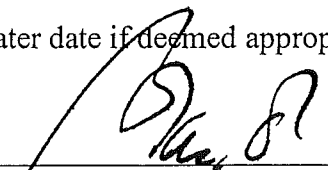
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Imperial Oil Resources Limited (Imperial) for producing the Saturn Cecil "A" oil pool with a project oil allowable.

NOW, THEREFORE, the Oil and Gas Commission (Commission), pursuant to Part 8, Division 6, section 104 of the Drilling and production Regulation, hereby approves an amendment to the GEP scheme of Imperial for oil production with a project allowable, as such scheme is described in:

an Application from Imperial to the Division dated March 7 and March 13, 1997 and August 18, 1998

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

1. The area of the scheme shall consist of N/2 sec 26 and sec 35-80-19 W6M, and SE/4 sec 2-81-19 W6M
2. The project oil allowable, being the sum of individual well allowables, is 34.2 m³/d.
3. The requirements of section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not completed nearer than 100 m to the sides of the approved area.
4. Royalty free oil production from the discovery well 1-2-81-19 W6M (WA 7772) is limited to a total volume of 11,460 m³, or the volume produced in the first 36 producing months, whichever is lesser.
5. This approval may be modified or rescinded at a later date if deemed appropriate.



Bot van Oort, P.Eng.
Director
Subsurface Administration Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 7th day of October, 1998.