September 28, 2000

7745-4520-59240-06 OGC - 000228

Mr. Bruce Rauch, P. Eng. Northern Operations Reservoir Leader Imperial Oil Resources 237 – 4<sup>th</sup> Avenue S.W. Calgary AB T2P 3M9

Imperial Project (02)

Dear Mr. Rauch:

RE: GOOD ENGINEERING PRACTICE APPROVAL AMENDMENT # 2 SATURN CECIL "A" POOL

Attached is Good Engineering Practice (GEP) scheme approval amendment for the subject pool, as requested in your application dated June 27, 2000.

The Approval 97-06-002 (Amendment #2) is hereby granted under Part 8, Division 6, section 101 of the British Columbia *Drilling and Production Regulation*.

Based on the economic evaluations submitted with your application and the additional information submitted in your letter dated August 21, 2000, it is concluded that waterflooding, gas re-injection or gas conservation in the pool is uneconomic. In view of this, the previously terminated GEP is hereby reinstated and Approval 97-06-002 (Amendment #2) granted.

An Annual Oil Allowable of **5,991.8 m<sup>3</sup>** is approved for the 1999-2000 production year (November 1, 1999 to October 31, 2000), under section 74(2) of the *Drilling and Production Regulation*. Please note that further annualized oil allowables will require separate requests as these allowables are based on producing gas oil ratios.

Should you have any questions, please contact Peter Attariwala at (250) 952-0311 or Ron Stefik at (250)952-0310.

Sincerely,	Approval Letters to Industry GEP, SWD, CONCURRENT PROD, PRESSURE MAINTENANCE, WATERFLOOD, ETC. Copy 10
likely / w	Wellfile (originals) 59240
Craig Gibson, P.Eng.	Daily
Manager	Resource Revenue
Reservoir Engineering and Geology	S. Chicorelli R. Stefik
ENGINEERING AND GEOLOGY PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Tel: (2 Location: 6 <sup>th</sup> Flr 1810 Blanshard St,	
Headquarters: #200, 10003,110 <sup>th</sup> Ave. Fort St. John BC, V41,6M7	D. Krezanoski

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## **APPROVAL 97-06-002 (AMENDMENT #2)**

## 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 101 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 Commission dated June 27, 2000.

The scheme approval of March 20, 1997, modified on October 7, 1998, is amended, 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 m<sup>3</sup>/d.
- 3. An oil well may be drilled anywhere within the project area provided that it is not completed nearer than 100 m to the sides of the approved scheme area.
- 4. Associated gas production up to a limit of 20 10<sup>3</sup> m<sup>3</sup>/d may be flared.
- 5. This approval may be modified or rescinded at a later date if deemed appropriate.

Craig Gibson

Manager

Reservoir Engineering and Geology

DATED AT the City of Victoria, in the Province of British Columbia, this day of September, 2000.