



OIL AND GAS COMMISSION

July 7, 2006

1360-2600-59240-06

Bruce Nociar
Manager Engineering
Kereco Energy Ltd.
1100, 530 – 8th Ave SW
Calgary AB T2P 3S8

Dear Mr. Nociar:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
BLAIR – BLUESKY “A” POOL**

Commission staff have reviewed the application, dated May 17, 2006, requesting Good Engineering Practice (GEP) scheme approval for producing gas from the Bluesky formation in the Blair field.

Geological review of the area of application has resulted in OGC mapping of the Blair – Bluesky “A” two-well pool.

Attached is Approval 06-06-045, granted under Part 8, Division 6, 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 Ron Stefik at (250) 952-0310.

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 06-06-045

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 Kereco Energy Ltd. (Kereco) for producing the Blair field Bluesky "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 Kereco for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Kereco to the Commission dated May 17, 2006 and related submissions.

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

1. The area of the project shall consist of:

94-B-16 Block F – units 58, 59, 68 and 69.
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 This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch

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