



OIL AND GAS COMMISSION

February 19, 2007

6200-2700-59240-06  
6460-4100-59240-06

Brad Wilson  
Manager, Production and Operations  
Monterey Exploration Ltd.  
1800, 407 – 2<sup>nd</sup> Street S.W.  
Calgary AB T2P 2Y3

Dear Mr. Wilson:

**RE: GOOD ENGINEERING PRACTICE APPROVALS  
MONTNEY – GETHING “B” POOL  
OAK – BALDONNEL “C” POOL**

The Commission has reviewed the application dated October 19, 2006 (prepared by Fekete Associates Inc.) requesting Good Engineering Practice (GEP) scheme approvals for producing gas from the Notikewin, Gething and Baldonnel formations in the Montney field.

The Baldonnel formation in the area of application is mapped as a portion of the Oak field – Baldonnel “C” pool. Multiple GEP approvals have been approved for other portions of this pool of similar reservoir quality.

The Gething is mapped as the Montney field – Gething “B” pool. Currently produced as a single well pool, performance indicates a small drainage radius with a requirement to increase drilling density for effective reserves recovery.

The Notikewin zone appears prospective in the well 4-36-86-19 W6M, however has not been completed and tested. The OGC does not grant initial GEP approval without proven production potential, the nearest Notikewin formation production is over 12 kilometers distant. Therefore, the request for GEP approval for the Notikewin formation can not be approved at this time.

Attached are GEP scheme Approvals 07-06-001 and 07-06-002, for the Gething and Baldonnel formations respectively, hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. These approvals are intended to allow the production of additional gas wells for maximization of gas recovery.

Please note that a separate OGC approval grants commingled production from the Gething and Baldonnel formations in the well Monterey et al Oak 4-36-86-19 W6M (WA# 21309).

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

Sincerely,

Doug McKenzie  
Director  
Resource Conservation

Attachments

cc: Barry Brathwaite, Fekete Associates Inc.

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**RESOURCE CONSERVATION BRANCH**

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APPROVAL 07-06-001

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

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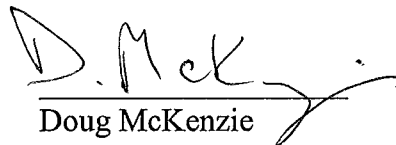
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Monterey Exploration Ltd. (Monterey) for producing gas from the Montney – Gething “B” pool without spacing restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Monterey as such scheme is described in

*an Application from Monterey to the Commission dated October 19, 2006.*

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

1. The area of the scheme shall consist of section 36-86-19 W6M.
2. The spacing area requirement of Section 10 of the *Drilling and Production Regulation* is hereby waived.
3. The gas wells within the project area may be produced without individual well allowable restrictions, provided the wells are not completed nearer than 250 m to the sides of the approved scheme area.
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 19<sup>th</sup> day of February 2007.

APPROVAL 07-06-002

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

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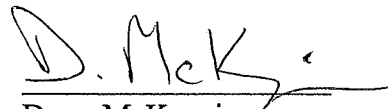
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Monterey Exploration Ltd. (Monterey) for producing gas from the Oak – Baldonnel “C” pool without spacing restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*, hereby approves the GEP scheme of Monterey as such scheme is described in

*an Application from Monterey to the Commission dated October 19, 2006.*

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

1. The area of the scheme shall consist of section 36-86-19 W6M.
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Doug McKenzie

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