



OIL AND GAS COMMISSION

April 19, 2007

3200-8600-59240-06

Darren Munn, P.Eng.
Engineering Manager
SMR Oil & Gas Ltd.
2800, 144 – 4th Avenue S.W.
Calgary AB T2P 3N4

Dear Mr. Munn:

**RE: GOOD ENGINEERING PRACTICE APPROVAL, AMENDMENT #1
CLARKE LAKE – PINE POINT “E” POOL**

Commission staff have reviewed the application dated March 6, 2007, requesting an amendment to the Good Engineering Practice (GEP) project approval for producing gas from the Pine Point “E” pool of the Clarke Lake field.

Attached is Approval 04-06-069 (Amendment #1), granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This amendment adds one additional gas spacing area, specifically units 78, 79, 88 and 89 of Block K/94-J-10.

This approval is intended to allow the drilling and completion of wells to produce gas without spacing and target considerations, due to the complex nature of the pool geology, for maximization of gas recovery. A project daily gas allowable should allow flexibility in production operations to mitigate water coning. Water production rates should be monitored closely.

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 04-06-069 (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 SMR Oil & Gas Ltd. (SMR) for producing Clarke Lake field Pine Point "E" pool gas wells without spacing and target restrictions.

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

an Application to the Commission dated September 28, 2004, and an application from SMR dated March 6, 2007, 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-J-10: Block K - units 76-80, 86-90, 96-100
Block L - units 71, 81, 91

94-J-15: Block C - units 6-10
Block D - units 1.

2. Project daily gas production is limited to $250.8 \text{ e}^3\text{m}^3$.

3. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the scheme area are not completed nearer than 250 m to the sides of the approved project 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 19th day of April 2007.