



February 5, 2001

5860-4545-59240-06
OGC - 01022

Darrin Foster, P.Eng.
Production Manager
Tethys Energy Inc.
2900, 500 - 4th Avenue S.W.
Calgary AB T2P 2V6

Tethys Project (02)

Dear Mr. Foster:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
MICA - MICA "A" POOL**

The Commission has reviewed your application dated December 20, 2000 requesting Good Engineering Practice (GEP) scheme approval for the Mica - Mica "A" oil pool.

The Approval 01-06-003 is hereby granted under Part 8, Division 6, section 101 of the British Columbia *Drilling and Production Regulation*. No objections were received following publication of a notice of your application in two issues of the BC Gazette.

This approval is intended to allow operational flexibility for producing lower GOR wells and allow effective development of the pool. Please note that this approval may be amended if another operator successfully completes an oil well outside the project area in the subject pool. Please submit a monthly Production Allowable Report - Crude Oil to this office for this project.

With additional production performance under the GEP approval, you may wish to evaluate potential for a secondary recovery scheme for optimizing oil production from the pool.

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

Sincerely,

Craig Gibson, P. Eng.
Manager
Reservoir Engineering and Geology

Attachment

Approval Letters to Industry
GEP, SWD, CONCURRENT PROD,
PRESSURE MAINTENANCE,
WATERFLOOD, ETC.

Copy 9

- Wellfile (originals)
- 59240
- Daily
- Resource Revenue
- S. Chicorelli
- R. Stefik
- G. Farr
- P. Attariwala
- D. Krezanoski

ENGINEERING AND GEOLC
PO Box 9329 Stn Prov Gov't, Victoria BC V8W 9N3 Te
Location: 6th Flr 1810 Blanshard

Headquarters: #200, 10003 110th Ave, Fort St. John BC V1J 6M7 Tel: (25

APPROVAL 01-06-003

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

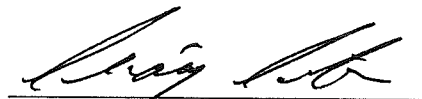
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Tethys Energy Inc.(Tethys) for producing the Mica – Mica “A” oil pool under a pool oil allowable and without well spacing and target restrictions.

NOW, THEREFORE, the Commission, pursuant to Part 8, Division 6, section 101 of the *Drilling and Production Regulation*, hereby approves a GEP scheme of Tethys for producing with a pool allowable and drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Tethys to the Commission dated December 20, 2000 and related submission.

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

1. The area of the project shall consist of E/2 sec 33, sec 34 Twp 81 Rge 14 W6M and SW/4 sec 3, S/2 sec 4 Twp 82 Rge 14 W6M.
2. The project oil allowable, being the sum of individual well allowables, is 70.0 m³/d.
3. All gas production will be conserved.
4. The requirements of section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the project area are not completed nearer than 100 m to the sides of the approved area.
5. The approval may be modified or rescinded at a later date if deemed appropriate.



Craig Gibson, P.Eng.
Manager
Reservoir Engineering and Geology

DATED AT the City of Victoria, in the Province of British Columbia, this 5th day of February, 2001.