April 30, 2007

Josephine Nau
Production Manager
Husky Oil Operations Limited
707 - 8th Avenue S.W.
Box 6525, Station D
Calgary AB T2P 3G7

Dear Ms. Nau:

RE: COMMINGLED PRODUCTION APPROVAL
HUSKY EKWAN d-86-K/94-I-08; WA# 22033

Commission staff have reviewed the supplemental application dated April 18, 2007 requesting approval to commingle gas production from the Ekwan field - Bluesky “A” and Elkton “A” pools. An interim commingled production approval was issued for this well on February 2, 2007.

The Bluesky and Elkton are both shallow multi-well pools, with commingled production approval previously granted for six locations. The base of the Bluesky porosity and the top of the Elkton porosity are separated by only a few metres of tight shale. Inflow gas rates from the two zones have been estimated at approximately the same value of 7.7 \times 10^{3} \text{m}^{3}/\text{d}. Commingled production is expected to maximize production and recovery from these two zones. Both zones contain sweet gas at similar reservoir pressures.

Condition #1 of the interim commingled production approval, measurement of individual reservoir pressures, was not met due to insufficient shut-in times, however under the circumstances the OGC is still willing to accept a combined initial flow test for this well. Commingled production from these formations is hereby granted approval, under the authority of Section 41 of the Drilling and Production Regulation, subject to the following conditions being met:

1. Production from the Bluesky (407.5 – 411.0 mKB) and Elkton (414.5 – 417.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Bluesky 50 % and Elkton 50%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

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

Sincerely,

Ron Stefik, AScT
Sr Reservoir Engineering Technologist