

November 20, 2002

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OGC - 02215

Fred Luciuk
Team Leader, Unconventional Gas
BP Canada Energy Company
240-4 Avenue S.W.
P.O. Box 200
Calgary AB T2P 2H8

BP EXPERIMENTAL CBM (02)

Dear Mr. Luciuk:

**RE: EXPERIMENTAL SCHEME AMENDMENT FOR COAL BED METHANE
OJAY AREA, GATES AND GETHING FORMATION COALS**

The Commission has reviewed your application dated October 31, 2001 requesting approval to create one experimental scheme from two adjoining approved experimental schemes. These approvals were granted to test coalbed methane (CBM) potential from the Gates and Gething Formation coals in the Ojay area of northeast British Columbia.

We concur that approval of your request would reduce duplication of administrative efforts and costs. Therefore, the scheme areas of Approval 01-15-004, granted on March 20, 2001, and Approval 02-15-001 granted on January 31, 2002, have been combined. Accordingly, attached is Approval 01-15-004 (Amendment #1) for the application granted under section 100 of the Petroleum and Natural Gas Act. Please note that Approval 02-15-001 is hereby rescinded. # 7 (03)

The CBM scheme is considered experimental as it involves a potentially long dewatering period with unknown gas flow rates. Approval of an experimental scheme allows determining permeability and production testing of the wells for a long period with sweet gas flaring.

Disposal of produced water will be to an underground formation as specified by section 94 of the *Drilling and Production Regulation (D & P Regulation)* unless otherwise approved by the Commission. Gas analyses will be required as specified by section 90 of the *D & P Regulation* unless otherwise approved by the Commission.

In accordance with section 57 of the *D & P Regulation* all well reports and well data within the scheme area will be held confidential for a period of 3 years.

Sincerely,

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

Attachment

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

Copy 10

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

ENGINEERING AND GEOLOGY BRANCH

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Location: 6th Flr 1810 Blanshard St. Victoria BC

APPROVAL 01-15-004 (AMENDMENT #1)

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

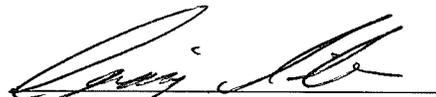
IN THE MATTER of the experimental scheme of BP Canada Energy Company (BP), to test coalbed methane potential of the Gates and Gething Formation coals of the Ojay area of northeast British Columbia.

NOW THEREFORE, the Commission, pursuant to section 100 of the Petroleum and Natural Gas Act, R.S.B.C. 1996, c.361 orders as follows:

1. The experimental scheme to test coalbed methane potential by exploration and pilot production from the Gates and Gething Formation coals in the Ojay area as described in the application from BP to the Commission dated February 12, 2001 and October 31, 2002 is hereby amended, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of the following lands:

93-I-9	Block E - units 11, 14-17, 21, 24-27, 31, 34-39, 41, 44-49, 51-70, 72-80, 82-90, 94-100 Block F - units 20, 30, 40, 50, 58-60, 68-70 Block L - units 4-10, 16-20, 26-30, 38-40, 48-50, 60, 70
93-I-10	Block H - units 51, 61, 71-73, 81-83, 91-95 Block I - units 1-5, 11-19, 21-29, 31-39, 41-49, 51-55, 61-65, 76, 77, 86, 87, 94-97
93-I-15	Block A - units 4-7.
3. Submit a report of the progress, performance and efficiency of the scheme every 6 months in the first year, and then annually thereafter, within 60 days after the end of each period. The following information must be included in the progress report:
 - The daily average rate of gas and water production during each month for each producing well, and for the scheme as a whole;
 - The monthly cumulative gas and water production for each producing well, and for the scheme as a whole;
 - Representative sample analysis of produced water obtained once each 6 months;
 - The date and type of any well treatment or workover for any well in the scheme;
 - All information gathered to evaluate the coal's reservoir qualities such as gas content, desorption analysis, injectivity tests and permeabilities of coal seams.
 - Any other information that is considered necessary, in the opinion of the Commission, to evaluate the progress, performance and efficiency of the scheme.

4. Associated gas produced during the pilot testing may be flared for a maximum period of 6 months with a total volume not to exceed $255 \times 10^3 \text{ m}^3/\text{well}$.
- ~~5. A well may be drilled anywhere within the scheme area provided that it is not nearer than 100 m to the sides of the scheme area.~~
6. The requirement to test and determine the absolute open flow potential of the wells set out in Section 84 of the *Drilling and Production Regulation* is hereby waived.
7. The requirement to measure the static bottom hole pressure of each well prior to production as set out in Section 95 of the *Drilling and Production Regulation* is hereby waived.
8. All information and analysis related to the scheme shall be made available to the Commission upon request.
9. The approval or any condition of it may be modified or rescinded upon application or if deemed appropriate by the Commission.



Craig Gibson
Manager
Reservoir Engineering and Geology
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 20th day of November 2002.