



August 27, 2002

9000-2700-59240-15
OGC - 02138

Larry Buzan
Senior Landman
Burlington Resources Canada Ltd.
P.O. Box 4365
Postal Station C
Calgary AB T2T 5N2

Burlington Project (02)

Dear Mr. Buzan:

**RE: EXPERIMENTAL SCHEME FOR COAL BED METHANE
HIGHHAT MOUNTAIN AREA, GETHING FORMATION COALS**

The Commission has reviewed your application dated July 17, 2002 requesting approval of an experimental scheme for coalbed methane (CBM) exploration and production from the Gething Formation coals in the Highhat area of northeast British Columbia.

Attached is Approval 02-15-003 for the application granted under section 100 of the Petroleum and Natural Gas Act. 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. No objections were received following the publication of a notice of your application in the B.C. Gazette.

It should be noted that the approved scheme area does not include the open Crown land Gas Spacing Unit (GSU) and two adjoining GSU's (units 18, 19, 28, 29 of Block K and units 40, 50 of Block K and units 31, 41 of Block L of 93-P-5). Approval amendment may be requested once the Crown rights are acquired by Burlington.

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. Similarly, gas analyses and bottom hole pressure measurements will be required as specified by section 90 and 95, respectively, 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

cc: Titles Branch
Ministry of Energy and Mines

**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 02-15-003

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

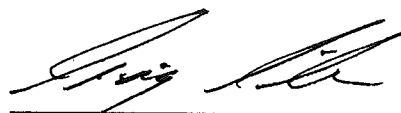
IN THE MATTER of the experimental scheme of Burlington Resources Canada Ltd. (Burlington), to evaluate the coalbed methane potential of the Gething Formation coals of the Highhat Mountain area of northeast British Columbia.

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 production from the Gething Formation coals in the Highhat Mountain area as described in the application from Burlington to the Commission dated July 17, 2002 is hereby approved, subject to terms and conditions herein contained.
2. The area of the experimental scheme consists of the following lands:

| | |
|---------|---|
| 93-P-5 | Block F – unit 91 Block G - unit 100 Block J - units 10, 20, 30, 40, 50, 60, 70 Block K – units 1, 11-17, 21-27, 31-37, 41-47, 51-70, 72-80, 82-90 Block L – units 51-53, 61-63, 71-75, 81-85, 92-95. |
| 93-P-12 | Block D - units 2-5. |
3. Within 60 days after the end of each 6-month period, a report of the progress, performance and efficiency of the scheme during that period must be filed. 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 250 m to the sides of the scheme area.
6. All information and analysis related to the scheme shall be made available to the Commission upon request.
7. 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 27th day of August 2002.