



OIL AND GAS COMMISSION

March 30, 2006

7750-4800-59240-06

OGC - 06123

H. Darren Evans, P.Eng.  
Senior Engineer  
Storm Exploration Inc.  
3250, 205 - 5<sup>th</sup> Avenue S.W.  
Calgary AB T2P 2V7

Storm Project (02)

Dear Mr. Evans:

**RE: GOOD ENGINEERING PRACTICE APPROVAL  
SEPTIMUS - HALFWAY "E" POOL**

Commission staff have reviewed the application, dated February 15, 2006, requesting Good Engineering Practice (GEP) scheme approval for producing gas from an undefined Halfway pool in the Tower Lake field area.

Geological review of the area of application has resulted in OGC mapping of the Septimus - Halfway "E" pool, defined by the single well Storm EXP et al Tower 12-30-81-17 (WA 16674). This well commenced production in June 2005, experiencing modest gas rates averaging  $8.5 \times 10^3 \text{ m}^3/\text{d}$  at a high water-gas ratio. Production performance and geological evaluation indicate that the well 12-30 is completed (perf'd and frac'd) 3.5 m above the pool gas-water contact.

Production from 12-30 is expected to result in poor gas recovery. Drilling of a new well in a more favourable location up-dip from water would likely result in improved gas capture from the spacing area. While this may be accomplished without GEP approval, selectively producing a single well in the section, continued simultaneous production does not present any equity issues at this time. A notice of this application was advertised in two editions of the BC Gazette, with no objections being received.

Attached is GEP scheme Approval 06-06-023, hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This approval is intended to allow operational flexibility to allow the production of additional gas wells for maximization of gas recovery.

The production performance of on-trend Halfway gas wells in the Septimus and Tower Lake fields includes numerous wells expected to adequately recover spacing reserves from a single wellbore. Please be aware that should another operator successfully complete a well in this same pool, this approval may be modified or rescinded, as per condition #4.

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

Sincerely,

Richard Slocomb, P. Eng.  
A/Director  
Resource Conservation Branch

Attachment

Approval Letters to Industry  
GEP, SWD, Concurrent Prod, Pressure  
Maintenance, Waterflood, Etc.

Copy 12

<input type="checkbox"/> Daily	<input type="checkbox"/> E. O'Neill
<input type="checkbox"/> Wellfile	<input type="checkbox"/> J. Merson
<input type="checkbox"/> 59240	<input type="checkbox"/> D. Krezanoski
<input type="checkbox"/> R. Slocomb	<input type="checkbox"/> L. Miller
<input type="checkbox"/> R. Stefik	<input type="checkbox"/> Resource Rev.
<input type="checkbox"/> G. Farr	<input type="checkbox"/> S. Chicorelli

**RESOURCE CONSERVATION BRANCH**

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APPROVAL 06-06-023

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

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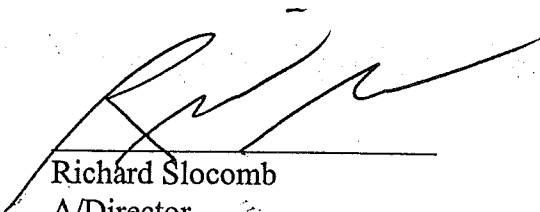
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Storm Exploration Inc. (Storm) for producing the Septimus – Halfway “E” pool without spacing restrictions.

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

*an Application from Storm to the Commission dated February 15, 2006 and related submissions.*

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

1. The area of the scheme shall consist of ;  
Twp 81 Rge 17 W6M – Section 30.
2. Project production is not restricted to a daily gas allowable.
3. The requirements of Section 10 of the *Drilling and Production Regulation* are hereby waived, provided that gas wells within the project 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.

  
Richard Slocomb  
A/Director  
Resource Conservation Branch  
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 30<sup>th</sup> day of March 2006.