



March 10, 2008

**RE: COMMINGLED PRODUCTION – INTERIM APPROVAL
OUTER FOOTHILLS AREA
PADDY, CADOTTE, NOTIKWIN, FALHER, BLUESKY, GETHING,
CADOMIN AND NIKANASSIN ZONES**

The Oil and Gas Commission (OGC), in participation with a Best Practices Working Group sub-committee, has examined the merits of a streamlined process for commingled well completions in the Outer Foothills area. The OGC recognizes the benefits of an area based commingled production approval for multiple gas bearing formations in this region, while ensuring the appropriate level of data is gathered to foster and monitor continued development. Most subject zones are characterized as either extensive, low permeability sands or containing pools of limited size. All zones in this approval produce sweet gas. Commingled production is expected to maximize production and resource recovery from these zones.

The OGC issued an interim approval for commingled production on January 1, 2008. An interim approval allowed industry and government to benefit from the work completed by the BPWG sub-committee, while the OGC continued to work to improve the final guideline.

Approval for commingled production is hereby granted under the authority of Section 41 of the Drilling and Production Regulation, subject to the following conditions:

1. The area of approval shall consist of:
 - 93-I-8 – Blocks I, J
 - 93-I-9 – Blocks A, B, E-L
 - 93-I-10 – Blocks I
 - 93-I-15 – Blocks A, B, F-L
 - 93-I-16 – Blocks A-G, L, Block H (units 1-50)
2. The most recent version of the OGC document, “Commingled Production Guide – Outer Foothills Area” will provide guidance for commingled completion without prior individual approval from the OGC. This document further details testing and reporting requirements.
3. The form “Notice of Commencement or Suspension of Operations” (BC-11) must be submitted for each commingled zone in a wellbore.
4. Gas, water and condensate production from a commingled well must be reported on the Ministry of Small Business and Revenue BC S-1, BC S-2 and BC-08 forms to the deepest (measured depth) active well event (UWI) of the commingled group of zones in the wellbore.

5. A “notification” must be submitted to the OGC for each commingled well, within 30-days of final completion operations, and must include;
 - a. a schematic diagram of the wellbore completion,
 - b. flow data summary,
 - c. production allocation factors for each of the commingled zones, with calculations,
 - d. completion/workover report,
 - e. commingling effective date, and
 - f. BC-11 form, if well has been placed on production.

6. Where the guidelines do not provide sufficient clarification for an individual case, OGC Resource Conservation staff should be contacted for a decision prior to completing the well in a commingled state. In some cases, a formal application may be required.

7. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Normal gas well spacing and target restrictions specified under Section 10 of the Regulation continue to apply, unless otherwise approved under a Good Engineering Practice project approval granted under Section 101.

For further information, please contact:

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