



April 7, 2008

0800-2600/4800-59070-20

Marcus Schlegel
Production Engineer
Canadian Natural Resources Limited
Suite 2500, 855 – 2 Street SW
CALGARY AB T2P 4J8

Dear Mr. Schlegel:

RE: COMMINGLED PRODUCTION APPROVAL
CNRL BEG b-012-B/094-G-01; WA# 18410

The Commission has reviewed your application dated March 11, 2007 requesting permission to commingle production from the Bluesky and Halfway zones encountered in the subject well.

The Commission has designated these pools as the Beg – Bluesky “A” and Halfway “A” gas pools. The Bluesky “A” pool contains 3 other producing wells and the Halfway “A” pool contains numerous producing wells and has been granted reduced well spacing under a Good Engineering Approval (GEP).

The Bluesky and Halfway zones in the subject well have been produced segregated since December 2005. The Bluesky zone is currently producing up the annulus at 5.2 e3m3/d and the Halfway zone is producing up the tubing at 8.6 e3m3/d. The well has produced 4.7 10⁶m³ and 9.0 10⁶m³ of gas from the Bluesky and Halfway zones, respectively. Both zones are operating below their critical liquid lift rate. Commingling is required to aid liquid lifting and thereby extend the economic life of this well. Production data indicates limited recoverable reserves from each zone. The Bluesky zone is sweet (< 1 ppm H₂S) and the Halfway zone contains 6.2% H₂S. The installation of a Free Flow Check Valve will ensure one way flow from the annulus into the tubing and mitigate the risk of crossflow between zones.

We wish to advise you that your application to commingle production is hereby approved, under the authority of Section 41 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Bluesky (1333.0–1335.0 mKB) and Halfway (1712.0–1736.0 mKB) zones may be commingled.
2. A gas analysis from the annulus will be taken upon commingling and every 3 months thereafter, until the composition is stable, to ensure the Free Flow Check Valve is working properly. All gas analyses will be submitted to the Oil and Gas Commission.
3. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1, BC S-2 and BC S-8 forms on the basis of Bluesky 35% and Halfway 65%. The allocation factors may be amended to reflect results of any future tests, including commingled gas analyses.
4. 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) 952-0366 or Kelly Okuszko at (250) 952-0325.

Sincerely,

Richard Slocomb, P.Eng.
Supervisor, Reservoir Engineering
Resource Conservation

RESOURCE CONSERVATION

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