



August 21, 2007

800-2600/4800-59070-20

Dan Piche
Exploitation EIT
Canadian Natural Resources Limited
Suite 2500, 855 - 2 Street S.W.
CALGARY AB T2P 4J8

Dear Mr. Piche:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
CNRL BEG c-58-G/094-G-1; WA# 19326**

The Commission has reviewed your application dated July 24, 2007 requesting permission to commingle gas production from the Bluesky and Halfway zones encountered in the subject well.

The Commission designates the gas pools under application to be the Beg field – Bluesky “F” and Halfway “E”. The Bluesky has been delineated by 3 gas wells whereas the Halfway has been delineated by 2 gas wells. All wells in both pools are owned and operated by Canadian Natural Resources Limited.

The Bluesky in the subject well produces through the annulus and has produced $3.9 \times 10^6 \text{ m}^3$ and is currently producing at $5.4 \times 10^3 \text{ m}^3/\text{d}$. The Halfway produces through the tubing and has produced $14.7 \times 10^6 \text{ m}^3$ and is currently producing at $24.0 \times 10^3 \text{ m}^3/\text{d}$. The Bluesky gas is sweet, whereas the Halfway gas is sour. To address the crossflow contamination issues, CNRL is proposing to use a Free Flow Control Valve (FFCV). The FFCV allows gas flow from the annulus to tubing, but does not allow flow in the opposite direction. Additionally, to ensure that the valve is working properly, annulus gas will be analyzed and monitored every 3 months. The Commission concurs with this proposal. Commingled production through the production tubing is expected to increase reserves recovery thereby extending the economic life of this well.

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 (1269.0–1271.0 mKB) and Halfway (1610.0–1617.0 mKB) zones may be commingled.
2. Gas, condensate and water production should be allocated on the Ministry of Small Business and Revenue BC S-1 and BC S-2 forms on the basis of Bluesky 15% and Halfway 85%.
3. To ensure no crossflow, annulus gas will be analyzed and monitored every 3 months.
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.

Sincerely,

Richard Slocomb, P.Eng.
Supervising Reservoir Engineer
Resource Conservation Branch

RESOURCE CONSERVATION BRANCH

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