



OIL AND GAS COMMISSION

January 15, 2009

4780-2200/2515/2600/2850-59070-20

Neil Rubeniuk  
Subsurface Regulatory & Royalty Optimization  
ConocoPhillips Canada Ltd.  
2100, 250-6th Avenue S.W  
Calgary, Alberta T2P 3H7

Dear Mr. Rubeniuk:

**RE: COMMINGLED PRODUCTION APPROVAL  
COP BRC ET AL HIDING D- 002-G/093-I-16; WA# 21376**

The OGC has reviewed your application dated November 14, 2008 requesting approval to commingle gas production from the Cadotte, Falher C, Bluesky and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Hiding Creek – Cadotte “A”, Falher C “H”, Bluesky “E” and Nikanassin “H” gas pools.

The subject zones were completed in the fall of 2006. The Nikanassin commenced production in December, 2006 at a gas rate of  $124.1 \text{ } 10^3 \text{ m}^3/\text{d}$  and has declined to a current rate of  $14.0 \text{ } 10^3 \text{ m}^3/\text{d}$ . In August, 2008, the Cadotte was placed on segregated production at  $36.8 \text{ } 10^3 \text{ m}^3/\text{d}$  and is currently producing at  $13.8 \text{ } 10^3 \text{ m}^3/\text{d}$ . The Bluesky and Falher C remain shut-in behind pipe. All the zones contain sweet gas. We concur that commingling of these zones will result in increased reserves recovery.

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

1. Production from the Cadotte (2492.0 – 2498.0 mKB), Falher C (2680.0 – 2696.0 mKB), Bluesky (2931.0 – 2936.0 mKB) and Nikanassin (3115.5 – 3308.0 mKB) zones may be commingled.
2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Provincial Revenue BC S-1, BC S-2 and BC 08 forms to the deepest (measured depth) active well event (UWI). Royalty will be calculated on a well production basis, as if production were being taken from a single zone. The Commission will allocate commingled production on the basis of Cadotte 31%, Falher C 12%, Bluesky 20% and Nikanassin 37%. The allocation factors may be amended to reflect results of any future tests.
3. 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

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**RESOURCE CONSERVATION**

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