



OIL AND GAS COMMISSION

June 12, 2007

9030-2800-59240-06

Bill Meeuwissen
VP, Production and Operations
Monterey Exploration Ltd.
1800, 407 – 2nd Street S.W.
Calgary AB T2P 2Y3

Dear Mr. Meeuwissen:

**RE: GOOD ENGINEERING PRACTICE APPROVAL
DEEP BASIN – CADOMIN “A” POOL**

Commission staff have reviewed your application, dated April 8, 2007 requesting Good Engineering Practice (GEP) approval for the Cadomin formation in the Brassey area.

The Commission designates this area as the Deep Basin field for gas production from the Cadomin “A” pool.

Attached is GEP scheme Approval 07-06-022, hereby granted under Part 8, Division 6, Section 101 of the *Drilling and Production Regulation*. This Approval is intended to allow the drilling and production of gas wells without regard for normal spacing and target restrictions, for maximization of gas recovery.

Please note that tenure within the area of approval is currently held under a Drilling Licence, Petroleum and Natural Gas lease selection is required prior to production.

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

Sincerely,

Doug McKenzie
Director
Resource Conservation Branch

Attachment

RESOURCE CONSERVATION BRANCH

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APPROVAL 07-06-022

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


IN THE MATTER of a Good Engineering Practice (GEP) scheme of Monterey Exploration Ltd. (Monterey) for producing a portion of the Deep Basin field Cadomin "A" gas pool without well spacing and target 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 Monterey for drilling wells without spacing and target restrictions, as such scheme is described in

an Application from Monterey to the Commission dated April 8, 2007 and related submissions.

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

1. The area of the project shall consist of:
93-P-10 Block E – units 31 - 37, 41 - 47
Block F – units 40 and 50.
2. 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.
3. The gas wells within the project area may be produced without individual well allowable restrictions.
4. This approval may be modified or rescinded at a later date if deemed appropriate.



Doug McKenzie
Director
Resource Conservation Branch
Oil and Gas Commission

DATED AT the City of Victoria, in the Province of British Columbia, this 12th day of June 2007.