



BRITISH COLUMBIA

July 10, 1998

Mr. D. Lehman, P. Eng.
Senior Petroleum Engineer
Paramount Resources Ltd.
4000 350 7th Ave SW
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Copies for Approval Letters (7)
Commingled Production

<input type="checkbox"/>	G. Miltenberger
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<input checked="" type="checkbox"/>	R. G. Stefik
<input type="checkbox"/>	G. Farr
<input type="checkbox"/>	Wellfile (originals)
<input type="checkbox"/>	59070-20
<input type="checkbox"/>	Daily

File: 8900-4610-59070-20

Dear Mr. Lehman:

**RE: APPLICATION FOR COMMINGLED PRODUCTION
PARA ET AL ZAREMBA c-64-E/94-H-7; WA# 10278**

The Ministry has reviewed your application dated May 11, 1998, requesting permission to commingle gas production from the Zarembo field Bluesky "H", A Marker/Base of Lime "F" and Halfway "F" pools encountered in the subject well.

Reservoir pressure and fluid composition are similar for these three pools. Commingling would increase the producing life of the well, thereby increasing the recoverable reserves. Due to the large relative difference in reserves associated between Bluesky and the other two pools, depletion of the Bluesky must be reflected in production allocation. We wish to advise you that your application to commingle production from these three formations is hereby approved, under the authority of Section 44 of the *Drilling and Production Regulation*, subject to the following conditions:

1. Production from the Bluesky (1142.0 - 1148.0 mKB), A Marker/Base of Lime (1213.0 - 1216.0 mKB) and Halfway (1232.0 - 1235.0 mKB) pools may be commingled.
2. Gas, condensate and water production should be allocated on the BC S-1 and BC S-2 forms on the basis of Bluesky 50%, A Marker/Base of Lime 40% and Halfway 10%, until cumulative raw gas production from the Bluesky zone has reached a volume of 16 e6m3, after which production should be split on the basis of A Marker/Base of Lime 90% and Halfway 10%.
3. This approval may be modified at a later date if deemed appropriate through a change in circumstances.

Sincerely,

B. van Oort, P. Eng.
Director
Engineering and Operations Branch

PSA/mef
Ministry of
Energy and Mines

Energy and Minerals Division
Engineering and Operations Branch

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