

December 29, 2009

6480-2200/2600/2700/2800/2850-59070-20

James Iyamu, MSc.  
Shell Canada Energy  
400 – 4<sup>th</sup> Avenue S.W.  
P.O. Box 100, Station M  
Calgary, AB T2P 2H5

Dear Mr. Iyamu:

**RE: COMMINGLED PRODUCTION APPROVAL  
SHELL OLD WIVES a-024-I/093-I-9; WA# 20361**

The OGC has reviewed your application dated November 24, 2009 requesting approval to commingle gas production from the Cadotte, Bluesky, Gething, Cadomin and Nikanassin formations in the subject well. The Commission has designated the zones under application to be part of the Ojay – Cadotte “M”, Bluesky “C”, Gething “M”, Cadomin “T” and Nikanassin “W” gas pools.

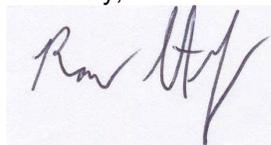
The Nikanassin formation was completed in March of 2007 while all other formations were completed later in 2008. The Gething, Cadomin and Nikanassin commenced commingled production in March 2008 at a gas rate of 144 10<sup>3</sup>m<sup>3</sup>/d and is currently producing 36 10<sup>3</sup>m<sup>3</sup>/d. The Bluesky produced for several months in late 2008 at 20 10<sup>3</sup>m<sup>3</sup>/d. The Cadotte commenced production in January 2009 at a gas rate of 20 10<sup>3</sup>m<sup>3</sup>/d and declined to the current rate of 15 10<sup>3</sup>m<sup>3</sup>/d. All the zones contain sweet gas. We concur that commingling the Cadotte with the Bluesky, Gething, Cadomin and Nikanassin 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 (2707.0 – 2709.0 mKB), Bluesky (3120.0 – 3120.6 mKB), Gething (3143.5 – 3144.1 mKB), Cadomin (3231.0 – 3241.8 mKB) and Nikanassin (3281.0 – 3450.4 mKB) zones may be commingled.
2. Gas, condensate and water production from the commingled well should be allocated on the Ministry of Finance 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 25%, Bluesky 10%, Gething 5%, Cadomin 5% and Nikanassin 55%. 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) 419-4421 or Travis Mercure at (250) 419-4448.

Sincerely,



for Richard Slocomb, P. Eng.  
Supervisor, Reservoir Engineering