EPARTMENT OF ESOURCES

MINES AND PETROLEUM RESOURCES PARLIAMENT BUILDINGS, VICTORIA, BRITISH COLUMBIA VEV IXA

MINERAL RESOURCES BRANCH

FILE NO. 4145

267- 4110

November 7, 1977

Canadian Superior Oil Limited, 355 - 4th Avenue, S.W., Calgary, Alberta. T2P OJ3

Attention: Mr. L.R. Miskew, Chairman,

Operating Committee, Inga Unit No. 3

Dear Sir:

Re: Inga Unit No. 3 - Concurrent Depletion Approval

We acknowledge receipt of your letter of October 5, 1977 requesting extension of the approval of the Unit raw gas allowable of 15 MMSCF/D for an indefinite period from September 1, 1977.

The original approval of the Branch for a two year trial period commencing September 1, 1975 was given following an application dated August 7, 1974 supported by the results of a mathematical simulation study of the reservoir made in May 1974 by Intercomp Resource Development and Engineering Ltd.

As you are aware, oil production rates and water injection rates and pressures have altered considerably from those envisaged when the model study was performed. Consequently, before the Branch can approve an indefinite extension of the 15 MMcf/d gas allowable for Unit No. 3, we wish to be assured that the ultimate recovery of gas from Unit No. 3 and of oil from Unit No. 1 are optimised. Accordingly, we are prepared to extend the approval of the Unit No. 3 raw gas allowable of 15 MMcf/d until October 31, 1978. Prior to that time we would appreciate receiving from you as Unit operator of both Units an engineering study which will provide your best estimates of ultimate recovery of oil and natural gas from the two Units under various conditions of offtake together with your proposals for optimisation of the ultimate recoveries. The Branch will then be in a better position to assess the desirability or otherwise of continuing the present allowable.

With regard to carry-forward of under production of gas, the Branch has made limited provision for carry-forward in cases where monthly

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allowables are not met. However, where an annual allowable is in effect, we feel this should provide ample flexibility to produce the allowable. Consequently, carry-forward of under production has never been contemplated for such cases.

Yours truly,

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A.G.T. Weaver, Chief Engineer.

BTB:bm

c.c. P.K. Huus.