

Ref. #5381

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Skye Resources (Alberta) Ltd.
 Suite 500, Daon Building
 444 - 5th Avenue S.W.
 CALGARY, Alberta, T2P 2T8

Also To: KILDONAN OIL LTD.
 Inverness (12)

Attention: Mr. C.D. Fairburn
 Vice President

Dear Sir:

RE: Concurrent Production and Good Engineering Practice.
Buick Creek Field - Doig pool.

We acknowledge receipt of your application of June 14, 1978 requesting approval of a Concurrent Production and Good Engineering Practice for the Buick Creek Doig pool.

This is to advise that your application is approved subject to the following conditions:

- 1) The area of concurrent production and good engineering practice approval consists of units 36, 37, 38, 39, 46, 47, 48, 49, 56, 57, 58, 59, 66, 67 68 and 69 of Block I/94-A-11.
- 2) The oil allowable for the area is 454 BOPD.
- 3) Gas production from the area will be limited to 3106 MSCF/D which is based on our estimate of recoverable gas cap gas and solution gas in the area of the approval.
- 4) Gas production will be conserved.
- 5) The effective date of this approval will be the date the Branch is advised that conservation facilities are in operation.
- 6) This approval may be modified or rescinded at any time by the Chief of Branch.

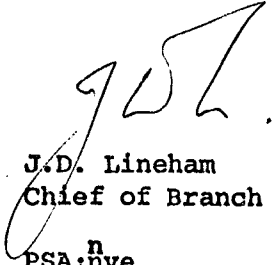
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Please note that units 40, 50, 60 and 70 of Block I/94-A-11 and units 31, 41, 51 and 61 of Block J/94-A-11, requested in your application, have been excluded from our area of approval, however, these units may be included at a later date if warranted. Also for your information the allowables are based on our estimate of oil ultimate recovery of 1585.7 MSTB and raw gas ultimate recovery of 11.336 BSCF underlying the concurrent production area.

Yours truly,

PETROLEUM RESOURCES BRANCH


J.D. Lineham
Chief of Branch
PSA:nve

c.c. Mr. R.M. Pennell
Kloepfer & Associates Limited
D.L. Johnson
P.K. Huus
W.L. Ingram