



September 18, 2017

8100-4100-59240-07

Steve Johnson, P.Eng.
Exploitation Engineer
Kelt Exploration Ltd.
300, 311 – 6th Ave S.W.
Calgary, AB T2P 3H2

Dear Mr. Johnson:

**RE: CONCURRENT PRODUCTION APPROVAL - TERMINATION
STODDART WEST – BALDONNEL “C” POOL**

Concurrent production Approval 07-07-006 was granted on June 22, 2007 for the Stoddart West field Baldonnel ‘C’ pool, due to low oil productivity and high GOR of the two producing wells 5-25 (WA 16629) and 12-25 (WA 21318). This Approval waived individual well daily oil allowables (DOA) but limited project gas production to 12 e³m³/d. A third well, 1-2 (WA 24889) was drilled and placed on production in April 2009, outside the project, under a well DOA = 17.9 m³/d, subject to GOR adjustment factor.

A more recent successful horizontal oil well 4-1 (WA 27810) in the subject pool is producing at a low and stable GOR, indicating potentially significant remaining oil development opportunity. Concurrent production approval was granted as a means to allow production management flexibility to maximize economic pool oil recovery. Conservation of reservoir energy dictates that Concurrent Production approval is no longer suited for pool management.

A production review showed that the three wells operated by Kelt are producing oil and gas sporadically in very small amounts resulting in very high gas-oil ratios (Appendix: DOA reports). **Concurrent Production Approval 07-07-006 will be terminated October 2, 2017 if no valid objection is received in writing by the Commission.**

Wells revert to individual DOAs values, subject to GOR adjustment factor. Production Allowable Reports must be submitted on a monthly basis.

WA#	Well Name	DOA (m ³ /d)
16629	Kelt LNG et al W Stoddart 05-25-087-21	18.9
21318	Kelt LNG et al W Stoddart 12-25-087-21	14.6

Should you have any questions, please contact Petra Kriescher-Trudgeon at (250) 419-4415 or the undersigned at (250) 419-4430.

Sincerely,



Ron Stefik, Eng.L.
Supervisor, Reservoir Engineering
Oil and Gas Commission

Attachments

Appendix: Daily Oil Allowable Reports

Well: Kelt LNG HZ W Stoddart 01-02-088-21, WA 24899;

Production Allowable Report - Crude Oil

Operator	Kelt LNG		
Well & Project Name	01-02-088-21	WA	24899
Field	Stoddart	Rem Oil Prod Total for Nov (8 days) ROPT	192.1
Producing Zone	Baldonnel C	125% of ROPT	240.1
Initial Test Period			
Test volume			
Start Date			
Separator pressure, kPa	400	DOA, m3/d	17.9

59.1	Allowable Production for November
0	minus underproduction amount @ end of Oct
59.07	equals production target for November

1	2	3	4	5	6	7	8	9	10	11	12	
Month and Days November 2016 to October 2017	Oil, m3	Gross Gas, e3m3	Approved Gas Credit, e3m3	Net Gas Production, e3m3	GOR, m3/m3	FGOR	Month and Days	DOA * Days in Month, m3	Allowable production for Month, m3 (6 * 8)	Cum Production Target from Start of Period, m3 (9)	Actual Cum Production from Start of Period, m3	O/P (-) or U/P (+) at End of Month, m3
October	1.1	1.8			1636	0.11	November (30)	537.0	59.1	59.1	22.6	36.5
November (24)	22.6	29.5		29.5	1305	0.13	December (31)	554.9	72.1	131.2	65.5	65.7
December (31)	42.9	48.8		48.8	1138	0.15	January (31)	554.9	83.2	214.4	87.1	127.3
January (31)	21.6	60		60	2778	0.06	February (29)	519.1	31.1	245.6	103.7	141.9
February (28/29)	16.6	25.6		25.6	1542	0.11	March (31)	554.9	61.0	306.6	103.7	202.9
March (31)	0	0		0	0	0.11	April (30)	537.0	59.1	365.7	103.7	262.0
April (30)	0	0		0	0	0.11	May (31)	554.9	61.0	426.7	103.7	323.0
May (31)	0	0		0	0	0.11	June (30)	537.0	59.1	485.8	103.7	382.1
June (30)	0	3.5		3.5	0	0.11	July (31)	554.9	61.0	546.8	103.7	443.1
July (31)	0	3.5		3.5	0	0.11	August (31)	554.9	61.0	607.9	103.7	504.2
August (31)	0	0		0	0	0.00	September (30)	537.0	0.0	607.9	103.7	504.2
September (30)	0	0		0	0	0.00	October (31)	554.9	0.0	607.9	103.7	504.2
October (31)	0	0		0	0	0.00						

Well: Kelt LNG HZ W Stoddart 12-25-087-21, WA 21318

Production Allowable Report - Crude Oil

Operator	Kelt LNG		
Well & Project Name	12-25-087-21	WA	21318
Field	Stoddart	Rem Oil Prod Total for Nov (8 days) ROPT	192.1
Producing Zone	Baldonnel C	125% of ROPT	240.1
Initial Test Period			
Test volume			
Start Date			
Separator pressure, kPa	400	DOA, m3/d	14.6

39.4	Allowable Production for November
0	minus underproduction amount @ end of Oct
39.42	equals production target for November

1	2	3	4	5	6	7	8	9	10	11	12	
Month and Days November 2016 to October 2017	Oil, m3	Gross Gas, e3m3	Approved Gas Credit, e3m3	Net Gas Production, e3m3	GOR, m3/m3	FGOR	Month and Days	DOA * Days in Month, m3	Allowable production for Month, m3 (6 * 8)	Cum Production Target from Start of Period, m3 (9)	Actual Cum Production from Start of Period, m3	O/P (-) or U/P (+) at End of Month, m3
October	0	0			0	0.09	November (30)	438.0	39.4	39.4	0	39.4
November (24)	0	0		0	0	0.09	December (31)	452.6	40.7	80.2	0	80.2
December (31)	0	0		0	0	0.09	January (31)	452.6	40.7	120.9	0	120.9
January (31)	0	0		0	0	0.09	February (29)	423.4	38.1	159.0	0	159.0
February (28/29)	0	0		0	0	0.09	March (31)	452.6	40.7	199.7	0	199.7
March (31)	0	0		0	0	0.09	April (30)	438.0	39.4	239.1	0	239.1
April (30)	0	0		0	0	0.09	May (31)	452.6	40.7	279.9	0	279.9
May (31)	0	0		0	0	0.09	June (30)	438.0	39.4	319.3	0	319.3
June (30)	0	0		0	0	0.09	July (31)	452.6	40.7	360.0	0	360.0
July (31)	0	0.1		0.1	0	0.09	August (31)	452.6	40.7	400.8	0	400.8
August (31)	0	0		0	0	0.00	September (30)	438.0	0.0	400.8	0	400.8
September (30)	0	0		0	0	0.00	October (31)	452.6	0.0	400.8	0	400.8
October (31)	0	0		0	0	0.00						

Well: Kelt LNG HZ W Stoddart 05-25-087-21, WA 16629

Production Allowable Report - Crude Oil

Operator	Kelt LNG		
Well & Project Name	05-25-087-21	WA	16629
Field	Stoddart	Rem Oil Prod Total for Nov (8 days) ROPT	192.1
Producing Zone	Baldonnel C	125% of ROPT	240.1
		334.5	Allowable Production for November
		0	minus underproduction amount @ end of Oct
		334.53	equals production target for November

Initial Test Period

Test volume	
Start Date	
Separator pressure, kPa	400
	DOA, m3/d 18.9

1	2	3	4	5	6	7	8	9	10	11	12	
Month and Days November 2016 to October 2017	Oil, m3	Gross Gas, e3m3	Approved Gas Credit, e3m3	Net Gas Production, e3m3	GOR, m3/m3	FGOR	Month and Days	DDA * Days in Month, m3	Allowable production for Month, m3 (6 * 8)	Cum Production Target from Start of Period, m3 (9)	Actual Cum Production from Start of Period, m3	O/P (-) or U/P (+) at End of Month, m3
October	0	0			0	0.59	November (30)	567.0	334.5	334.5	0	334.5
November (24)	0	0		0	0	0.59	December (31)	585.9	345.7	680.2	0	680.2
December (31)	0	0		0	0	0.59	January (31)	585.9	345.7	1025.9	0	1025.9
January (31)	0	1.4		1.4	0	0.59	February (29)	548.1	323.4	1349.3	0	1349.3
February (28/29)	0	0		0	0	0.59	March (31)	585.9	345.7	1695.0	0	1695.0
March (31)	0	0		0	0	0.59	April (30)	567.0	334.5	2029.5	0	2029.5
April (30)	0	0		0	0	0.59	May (31)	585.9	345.7	2375.2	0	2375.2
May (31)	0	0		0	0	0.59	June (30)	567.0	334.5	2709.7	0	2709.7
June (30)	0	0.9		0.9	0	0.59	July (31)	585.9	345.7	3055.4	0	3055.4
July (31)	0	0		0	0	0.59	August (31)	585.9	345.7	3401.1	0	3401.1
August (31)	0	0		0	0	0.00	September (30)	567.0	0.0	3401.1	0	3401.1
September (30)	0	0		0	0	0.00	October (31)	585.9	0.0	3401.1	0	3401.1
October (31)	0	0		0	0	0.00						