

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 $12 e^3m^3/d$. A third well, 1-2 (WA 24889) was drilled and placed on production in April 2009, outside the project, under a well DOA = $17.9 m^3/d$, 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

BC Oil and Gas Commission 300 – 398 Harbour Road Victoria BC V9A 0B7 MAILING PO BOX 9331 Stn Prov Govt Victoria BC V8W 9N3

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Appendix: Daily Oil Allowable Reports

Well: Kelt LNG HZ W Stoddart 01-02-088-21, WA 24899; Production Allowable Report - Crude Oil

rioduction A	nowable kep	Joirt - Grade	- 011									
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	59.1	Allowable Prod	uction for Nove	mber
Producing Zone	Baldonnel C						125% of ROPT	240.1	0	minus underpro	duction amou	nt @ end of Oc
									59.07	equals producti	on target for N	ovember
Initial Test Period												
Test volume												
Start Date												
Separator pressure, kPa	400						DOA, m3/d	17.9				
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	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	Contraction of		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	Augugst (31)	554.9	61.0	607.9	103.7	504.2
Augugst (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	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	The Part State	17.19-1 A.P.	THE REPORT OF	1.12741363	10.0110000.1

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

Production A	llowable Rep	port - Crude	Oil									
Operator	Kelt LNG											
Well & Project Name	12-25-087-21		WA	21318							8	
Field	Stoddart						Rem Oil Prod Total for Nov (8 days) ROPT	192.1	39.4	Allowable Produ	uction for Nove	mber
Producing Zone	Baldonnel C						125% of ROPT	240.1	0	minus underpro	duction amou	nt @ end of Oc
									39.42	equals producti	on target for N	ovember
Initial Test Period												
Test volume												
Start Date												
Separator pressure, kPa	400						DOA, m3/d	14.6				
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/F (+) at End of Month, m3
October	0	0		1. and 1.	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	26 T	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	Augugst (31)	452.6	40.7	400.8	0	400.8
Augugst (31)	0	0		0	0	0.00	September (30)	438.0	0.0	400.8	0	400.8
	0	0		0	0	0.00	October (31)	452.5	0.0	400.8	0	400.8
September (30)	U	U	-									

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

Production A	llowable Rep	ort - Crude	e 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	334.5	Allowable Produ	uction for Nove	mber
Producing Zone	Baldonnel C						125% of ROPT	240.1	0	minus underpro	duction amount	nt @ end of Oc
									334.53	equals producti	on target for N	ovember
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
1 Month and Days November 2016 to October 2017	2 Oil, m3	3 Gross Gas, e3m3	4 Approved Gas Credit, e3m3	Net Gas	GOR, m3/m3	6 FGOR	7 Month and Days	8 DOA * Days in Month, m3	9 Allowable production for Month, m3 (6 * 8)	Cum Production Target from	11 Actual Cum Production from Start of Period, m3	12 O/P (-) or U/P (+) at End of Month, m3
Month and Days November 2016 to October 2017		Gross Gas,	Approved Gas	Net Gas Production,				DOA * Days	Allowable production for	Cum Production Target from Start of Period,	Actual Cum Production from Start of	O/P (-) or U/P (+) at End of
Month and Days November 2016 to October 2017 October	Oil, m3	Gross Gas, e3m3	Approved Gas	Net Gas Production,	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
Month and Days November 2016 to October 2017 October November (24)	Oil, m3 O	Gross Gas, e3m3 0	Approved Gas	Net Gas Production, e3m3	m3/m3	FGOR 0.59	Month and Days November (30)	DOA * Days in Month, m3 567.0	Allowable production for Month. m3 (6 * 8) 334.5	Cum Production Target from Start of Period, m3 (9) 334.5	Actual Cum Production from Start of Period, m3 0	O/P (-) or U/P (+) at End of Month, m3 334.5
Month and Days November 2016 to October 2017 October November (24) December (31)	Oil, m3 0 0	Gross Gas, e3m3 0 0	Approved Gas	Net Gas Production, e3m3 0	m3/m3 0 0	FGOR 0.59 0.59	Month and Days November (30) December (31)	DOA * Days in Month, m3 567.0 585.9	Allowable production for Month. m3 (6 * 8) 334.5 345.7 345.7 323.4	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3	Actual Cum Production from Start of Period, m3 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 680.2 1025.9 1349.3
Month and Days November 2016 to October 2017 October November (24) December (31) January (31)	0il, m3 0 0 0	Gross Gas, e3m3 0 0 0	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0	m3/m3 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29) March (31)	DOA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9	Allowable production for Month. m3 (6 * 8) 334.5 345.7 345.7 323.4 345.7	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0	Actual Cum Production from Start of Period, m3 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 680.2 1025.9 1349.3 1695.0
Month and Days November 2016 to October 2017 October November (24) December (31) January (31) February (28/29)	0il, m3 0 0 0	Gross Gas, e3m3 0 0 0 1.4	Approved Gas	Net Gas Production, e3m3 0 0 1.4	m3/m3 0 0 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29)	DDA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9 557.0	Allowable production for Month. m3 (6 * 8) 334.5 345.7 345.7 323.4 345.7 334.5	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 680.2 1025.9 1349.3 1695.0 2029.5
Month and Days November 2016 to October 2017 Doctober November (24) December (31) January (31) February (28/29) March (31)	0il, m3 0 0 0 0	Gross Gas, e3m3 0 0 0 1.4 0	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0	m3/m3 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29) March (31)	DOA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9	Allowable production for Month. m3 (6 * 8) 334.5 345.7 345.7 323.4 345.7	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2
Month and Days November 2016 to October November (24) December (31) January (31) February (28/29) March (31) April (30)	Oil, m3	Gross Gas, e3m3 0 0 1.4 0 0 0 0 0	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0 0 0 0 0 0	m3/m3 0 0 0 0 0 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29) March (31) April (30)	DOA * Days in Month, m3 567.0 585.9 585.9 585.9 585.9 567.0 585.9 567.0	Allowable production for Month, m3 (6 * 8) 334.5 345.7 323.4 345.7 334.5 345.7 334.5 345.7 334.5	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0 0 0 0 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7
Month and Days November 2016 to October Doctober November (24) December (31) Banuary (25/29) March (31) April (30) May (31)	0il, m3	Gross Gas, e3m3 0 0 0 0 1.4 0 0 0	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0 0 0 0	m3/m3 0 0 0 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (22) March (31) April (30) May (31)	DOA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9 567.0 585.9 567.0 585.9	Allowable production for Month, m3 (6 * 8) 334,5 345,7 323,4 345,7 334,5 345,7 334,5 345,7 334,5 345,7	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2375.2 2709.7 3055.4	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 580.2 1025.9 1349.3 1695.0 2029.5 2375.2 2375.2 2709.7 3055.4
Month and Days November 2016 to October 2017 October November (24) December (31) Ianuary (31) February (28/29) March (31) April (30) May (31) Iune (30)	Oil, m3	Gross Gas, e3m3 0 0 1.4 0 0 0 0 0	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0 0 0 0 0 0	m3/m3 0 0 0 0 0 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29) March (31) April (30) May (31) June (30)	DOA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9 567.0 585.9 567.0 585.9 567.0 585.9	Allowable production for Month. m3 (6 * 8) 334.5 345.7 323.4 345.7 334.5 345.7 334.5 345.7 334.5 345.7 345.7	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7 3055.4 3401.1	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334,5 680.2 1025,9 1349,3 1695,0 2029,5 2375,2 2779,7 3055,4 3401,1
Month and Days November 2016 to October 2017 October November (24) December (31) January (31) February (28/29) March (31) April (30) May (31) July (31)	0it, m3	Gross Gas, e3m3 0 0 0 1.4 0 0 0 0 0 0 0 0.9	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0 0 0 0 0 0 0 0 0 0,9	m3/m3 0 0 0 0 0 0 0 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29) March (31) April (30) May (31) June (30) July (31)	DOA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9 567.0 585.9 567.0 585.9	Allowable production for Month, m3 (6 * 8) 334,5 345,7 323,4 345,7 334,5 345,7 334,5 345,7 334,5 345,7	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7 3055.4 3401.1	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	O/P (-) or U/P (+) at End of Month, m3 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7 3055.4 3401.1
Month and Days November 2016	0it, m3	Gross Gas, e3m3 0 0 0 1.4 0 0 0 0 0 0 0 0 0 0 0	Approved Gas	Net Gas Production, e3m3 0 0 1.4 0 0 0 0 0 0 0 0 0 0 0 0 0 0	m3/m3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	FGOR 0.59 0.59 0.59 0.59 0.59 0.59 0.59 0.59	Month and Days November (30) December (31) January (31) February (29) March (31) April (30) May (31) June (30) July (31) Augugst (31)	DOA * Days in Month, m3 567.0 585.9 585.9 548.1 585.9 567.0 585.9 567.0 585.9 567.0 585.9	Allowable production for Month. m3 (6 * 8) 334.5 345.7 323.4 345.7 334.5 345.7 334.5 345.7 334.5 345.7 345.7	Cum Production Target from Start of Period, m3 (9) 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7 3055.4 3401.1	Actual Cum Production from Start of Period, m3 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	O/P (-) or U/F (+) at End of Month, m3 334.5 680.2 1025.9 1349.3 1695.0 2029.5 2375.2 2709.7 3055.4 3401.1