



Province of
British Columbia

Approval letters to industry

ings

bcc: D.L. Johnson
Resource Revenues
Data Management
S. Foofat
D. Richardson
Wellfile

920901

6530-4520-59240-06

September 28th 1992

(403) 267-6910

Mr. George T. Huitema
Amerada Hess Canada Ltd.
1900, 700 - 9th Avenue S.W.
Calgary, Alberta
T2P 4B3

Dear Mr. Huitema:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE
AND CONCURRENT PRODUCTION; OWL CECIL POOLS**

*Amerada Project (02).
(note: this replaces previous
approval for Gas Inj.
Scheme which
never became
effective).*

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This is with respect to your application of May 27, 1992, made jointly with Czar Resources Ltd. and subsequent correspondence requesting approval to concurrently produce oil and gas under a Good Engineering Practice (GEP) scheme from the Owl Cecil pools.

The original interpretation of the pool recognized both by Amerada and the Division indicated that all oil wells were completed in one pool. Based on this interpretation, a produced gas injection scheme approval was requested and granted to Amerada on June 18, 1991. However, this approval did not become effective as gas injection, a condition of the approval, was never initiated. Recent drilling along with pressure and production data now indicates that there are several oil pools within the field. The Division's current geological and engineering interpretation is somewhat different than the one presented by Amerada. Within the Owl field the Division has designated four Cecil oil pools containing the wells as shown below:

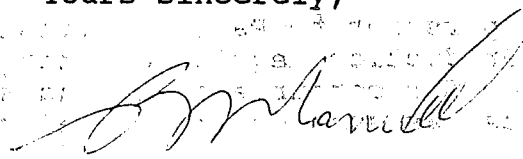
- Pool "A": 15-9, 6-16, 14-16, 8-17 and 6-21-86-18 W6M.
- Pool "B": 16-16-86-18 W6M.
- Pool "C": 6-9 and 12-9-86-18 W6M.
- Pool "D": 8-16-86-18 W6M.

Your request is based on the conclusions from a reservoir study that higher oil production rates with relaxed GOR's will not affect ultimate oil recovery from these pools. We do not entirely agree with these conclusions. We believe that gas production limitation must be a requirement in view of absence of pressure maintenance. There are no equity concerns as the land covering the pools is controlled by Amerada Hess and Czar Resources Ltd. Therefore, we are able to provide you with increased operational flexibility by approving the GEP.

Mr. George T. Huitema
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Attached is Approval #92-06-006 for the application granted under Part 8, Division 6, section 104 of the British Columbia Drilling and Production Regulation. Please note that the approval of June 18, 1991, for gas injection is hereby replaced with the current approval.

Yours sincerely,



B.E. Hanwell
Director
Engineering and Operations Branch

Attachment

PSA/mef

cc: Czar Resources Ltd.

(Attn: L. Ionescu)

D.L. Johnson

DATE	TIME	LOCATION
9/28/92	10:00	1000
9/28/92	11:00	1000
9/28/92	12:00	1000
9/28/92	13:00	1000

CHEDAC

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
 DRILLING AND PRODUCTION REGULATION
 MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
 ENERGY RESOURCES DIVISION

IN THE MATTER of a Good Engineering Practice (GEP) scheme of Amerada Hess Canada Ltd. (Amerada) for producing Owl Cecil "A", "B", "C" and "D" Pools with project oil and gas allowables.

Now therefore the Division Head, pursuant to Part 8, Division 6, section 104 of the Drilling and Production Regulation, hereby approves the GEP scheme of Amerada for concurrent oil and gas production with project allowables, as such scheme is described in:

- (a) Application from Amerada to the Division dated 27th May 1992 and related submission.

This scheme is approved, subject to the conditions herein contained and, in particular:

- The area of the project shall consist of sections 9, 16, E/2 of 17 and 21-86-18 W6M.
- The project oil allowables and gas production limits for the pools are as follows:

Pool	Oil (m ³ /d)	^{GOR}	Gas (E ³ m ³ /d)
"A"	136.7	113.4	15.5
"B"	waived		9.1
"C"	62.9	133.5	8.4
"D"	waived		7.5

- All gas production will be conserved.
- The approval may be modified or rescinded at a later date if deemed appropriate.

according to George H. not economic @ Jan/93 (want to know if GEP is applying)
"ON HOLD"

↓ prod rates on Hess wells. couldn't tie to sugar fac.

Peter Ostergaard

Peter Ostergaard
 Assistant Deputy Minister
 Energy Resources Division

DATED AT the City of Victoria, in the Province of British Columbia, this 25th day of September, 1992.

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