



December 17, 1996

961351
2400-4805-59240-06

Ms. Joan Jackson
Exploitation Technician
Canadian Natural Resources Limited
2000-425 1st St. SW
Calgary AB T2P 3L8

CNRL Project (11)

Dear Ms. Jackson:

**RE: APPLICATION FOR GOOD ENGINEERING PRACTICE WITH
CONCURRENT PRODUCTION
BUICK CREEK LOWER HALFWAY "K" POOL**

Attached is the Good Engineering Practice (GEP) scheme approval for the subject pool as requested in your application of November 8, 1996.

The Approval 96-06-003 is hereby granted under Part 8, Division 6, section 104 of the British Columbia *Drilling and Production Regulation*.

This approval is intended to allow operational flexibility in order to maximize oil recovery. There are no equity issues at this time, however the approval conditions may be modified if oil wells outside the project area are completed in the subject pool by another operator.

It should be noted that as a GEP with concurrent production, all produced gas will be classified as non-conservation for Crown royalty calculation.

Yours sincerely,

Bou van Oort, P. Eng.
Director
Engineering and Operations Branch

Attachment

Copies of Approval Letter to Industry (11)

RE: GEP, Salt Water Disposals, etc.

- D.L Johnson
- Data Management
- R. Stefik
- D. Richardson
- Wellfile (originals)
- 59240
- Resource Revenue
- P.S. Attariwala
- G. Farr
- S. Chicorelli
- Daily

APPROVAL 96-06-003

THE PROVINCE OF BRITISH COLUMBIA
PETROLEUM AND NATURAL GAS ACT
DRILLING AND PRODUCTION REGULATION
MINISTRY OF EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION

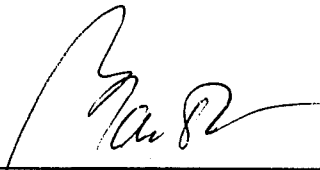
IN THE MATTER of a Good Engineering Practice (GEP) scheme of Canadian Natural Resources Limited (CNRL) for producing the Buick Creek Lower Halfway "K" oil pool without spacing and target restrictions and without a project oil allowable.

NOW, THEREFORE, the Division Head, pursuant to Part 8, Division 6, section 104 of the *Drilling and Production Regulation*, hereby approves a GEP project of CNRL for drilling horizontal wells without spacing and target restrictions and for concurrent production of oil and gas without an oil allowable, as such scheme is described in:

an Application from CNRL to the Division dated November 8, 1996 and related submission.

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

1. The area of the scheme shall consist of Unit 48 of Block I/94-A-11.
2. The requirements of section 9 of the *Drilling and Production Regulation* are hereby waived, provided that oil wells within the scheme area are not nearer than 100 m to the sides of the approved area.
3. The daily oil allowable is waived.
4. Gas production from the project will be limited to $65.6 \times 10^3 \text{ m}^3/\text{d}$.
5. Any well exceeding a GOR of $1200 \text{ m}^3/\text{m}^3$ must be shut-in.
6. All gas production will be conserved.
7. Royalty free oil production from the discovery well a-58-I/94-A-11 (WA 9766) is limited to a total volume of $52,283.6 \text{ m}^3$ or the volume produced in the first 36 producing months, whichever is lesser.
8. This approval may be modified or rescinded at a later date if deemed appropriate.



B. van Oort, on behalf of
the Division Head
Energy and Minerals Division

DATED AT the City of Victoria, in the Province of British Columbia, this 7th day of December, 1996.