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October 18, 1989

Mr. W.E. Westall
Conoco Canada Limited
3900 Bow Valley Square
205 - 5th Avenue S.W.
Calgary, Alberta
T2P 2V7

*Revised DGA
Conoco Project (02)*

Dear Mr. Westall:

**GOOD ENGINEERING PRACTICE APPROVAL
FLATROCK WEST - HALFWAY 'C' POOL**

This acknowledges receipt of your interpretation of mapping and reserves for the subject pool.

A Good Engineering Practice (GEP) gas allowable of $119 \times 10^3 \text{ m}^3$ was approved on October 15, 1987, for Sections 1 and 12-85-17 W6. There was only one gas well (6-12) completed within the subject pool at that time. It was stated in our approval letter that to protect leaseholder equity, a lower gas allowable may be imposed on well 6-12 if other gas wells are completed in the same pool but outside of the GEP area. Placer CECO, operator of the Halfway gas well 7-13-85-17 W6, in a letter dated August 8, 1989, advised that wells 6-12 and 7-13 are completed in the same pool and that Conoco's GEP approval for the 6-12 well is causing equity problems.

Consequently, a detailed engineering, geological and geophysical review was carried out by the Division for Halfway gas wells completed in the Flatrock and Flatrock West areas. Based on our review it is concluded that the gas wells 6-12, 7-13, 10-14, 10-23 and 10-26-85-17 W6 are completed in the Flatrock West Halfway 'C' pool. Results of this review were discussed during several telephone conversations between the Ministry and Conoco staff.

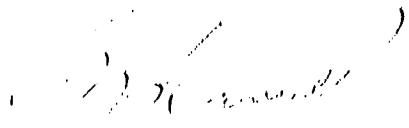
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Accordingly, condition number 2 of our approval of October 15, 1987, is hereby revised as follows:

The daily gas allowable, based on reserves under the area of GEP, is $70 \cdot 10^3 \text{ m}^3/\text{d}$.

All other conditions of our approval remain unchanged. The effective date for the revised GEP allowable is November 1, 1989.

Yours sincerely,


B.E. Hanwell
Director
Engineering and Operations
Branch

PSA:ket

cc: D.L. Johnson
Mr. Don Nelson
Placer CEGO Petroleum Holdings Ltd.

cc: Sharon Forfat ✓
L Macguzer